No. 91-968

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IN THE

# Supreme Court of the United States

**October Term, 1991**

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JIM BEAM BRANDS CO.,

*Petitioner,*

*vs.*

BEAMISH & CRAWFORD, LTD.,

*Respondent.*

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## PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

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December 11, 1991

## QUESTIONS PRESENTED

1. Did the Court of Appeals for the Second Circuit err in vacating a district court judgment of likelihood of confusion of trademarks and in ruling that the statutory issue of "likelihood of confusion" under Section 2(d) of the Lanham Act, 15 U.S.C. § 1052(d) (previously tried before the Trademark Trial and Appeal Board and determined on appeal by the United States Court of Appeals for the Federal Circuit), so differs from the issue of "likelihood of confusion" under Section 32 of the same statute, 15 U.S.C. § 1114, as to preclude application of collateral estoppel and require retrial of that issue, where the Second Circuit decision is contrary to the holdings of the two other circuits that have decided the issue and does not apply the decision of this Court in *Montana v. United States*, 440 U.S. 147 (1979), that collateral estoppel applies if the issues in two proceedings are "in substance the same."

2. Where in a previous proceeding between the two parties to this action, the Court of Appeals for the Federal Circuit held that "B&C's [trade]mark BEAMISH so resembles Beam Distilling's trademarks [BEAM and JIM BEAM] that it is likely to cause confusion", did the Second Circuit err in refusing to treat the holding as final and

binding, as required by this Court in *Brenner v. Manson*, 383 U.S. 519 (1966), and in directing that the District Court retry the issue of likelihood of confusion with a contemplated contrary determination.

3. Did the Second Circuit err in ruling, contrary to the holdings of this Court in *Celotex Corp. v. Catrett*, 477 U.S. 317 (1986) and *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242 (1986), that a grant of summary judgment (based upon the complete trial record before the Trademark Trial and Appeal Board and the determination by the Federal Circuit based thereon, together with evidence showing a lack of any change in circumstance), may be vacated where the party opposing the motion failed to offer any competent evidence under Fed.R.Civ.P. Rule 56(e) on issues as to which it bore the burden of proof, but instead offered only an attorney's affidavit, not based on personal knowledge, which on its face failed to raise any material issues of fact.

4. Did the Second Circuit err in vacating entry of an injunction in the absence of any evidence of any equities that might raise a question as to the propriety of the relief granted.

## PARTIES

The parties named in the caption are the only parties to this action.

Pursuant to Supreme Court Rule 29.1, petitioner Jim Beam Brands Co. identifies its parent companies and subsidiaries (except wholly owned subsidiaries) as follows:

American Brands,Inc. (parent), Greenwich, Connecticut.

DICO Holding Company (subsidiary), Louisville, Kentucky.

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## PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

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Petitioner hereby requests that this Court issue a writ of certiorari to review a judgment of the United States Court of Appeals for the Second Circuit, entered June 19, 1991, and order denying rehearing entered September 12, 1991.

## I. OPINIONS BELOW

The opinion of the United States Court of Appeals for the Second Circuit (App. *infra* 5a-30a), is reported at 937 F.2d 729 (2d Cir. 1991). The opinion of the United States District Court for the Southern District of New York (App. *infra* 34a-45a), is reported at 18 U.S.P.Q.2d 1486 (S.D.N.Y. 1990). The opinion of the United States Court of Appeals for the Federal Circuit (App. *infra* 46a-51a), is reported at 10 U.S.P.Q.2d 1317 (Fed. Cir. 1989). The opinion of the Trademark Trial and Appeal Board (App. *infra* 52a-67a), is not reported.

## II. JURISDICTION

The decision of the United States Court of Appeals for the Second Circuit was entered June 19, 1991. A petition for rehearing was timely filed by Jim Beam Brands Co. on July 3, 1991. The Order of the Court of Appeals for the Second Circuit denying rehearing (App. *infra* 1a-2a) was entered September 12, 1991.

The jurisdiction of this Court is invoked pursuant to 28 U.S.C. § 1254(1).

## III. STATUTES INVOLVED

The statutes involved in this petition are 28 U.S.C. § 41, 15 U.S.C. §§ 1052(d) and 1114(1) and Fed.R.Civ.P. Rule 56(e), which provide in full as follows:

**28 U.S.C. §41. Number and composition of circuits**

The thirteen judicial circuits of the United States are constituted as follows:

| Circuits | Composition |
|---|---|
| District of Columbia | District of Columbia. |
| First | Maine, Massachusetts, New Hampshire, Puerto Rico, Rhode Island. |
| Second | Connecticut, New York, Vermont. |
| Third | Delaware, New Jersey, Pennsylvania, Virgin Islands. |
| Fourth | Maryland, North Carolina, South Carolina, Virginia, West Virginia. |
| Fifth | District of the Canal Zone, Louisiana, Mississippi, Texas. |
| Sixth | Kentucky, Michigan, Ohio, Tennessee. |
| Seventh | Illinois, Indiana, Wisconsin. |
| Eighth | Arkansas, Iowa, Minnesota, Missouri, Nebraska, North Dakota, South Dakota. |
| Ninth | Alaska, Arizona, California, Idaho, Montana, Nevada, Oregon, Washington, Guam, |

Hawaii.
Tenth . . . . . Colorado, Kansas, New Mexico, Oklahoma, Utah, Wyoming.
Eleventh . . . . . Alabama, Florida, Georgia.
Federal . . . . . All Federal judicial districts.

**15 U.S.C. § 1052. Trademarks registrable on principal register; concurrent registration [Section 2]**

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it --

* * *

(d) Consists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive: *Provided*, That if the Commissioner determines that confusion, mistake, or deception is not likely to result from the continued use by more than one person of the same or similar marks under conditions and limitations as to the mode or place of use of the marks or the goods on or in connection with which such marks are used, concurrent registrations may be issued to such persons when they have become entitled to use such marks as a result of their concurrent lawful use in commerce prior to (1) the earliest of the filing dates of the applications pending or of any registration issued under this Act; (2) July 5, 1947, in the case of registrations previously issued under the Act of March 3, 1981, or February 20, 1905, and continuing in full force and effect on that date; or (3) July 5, 1947, in the

case of applications filed under the Act of February 20, 1905, and registered after July 5, 1947. Use prior to the filing date of any pending application or a registration shall not be required when the owner of such application or registration consents to the grant of a concurrent registration to the applicant. Concurrent registrations may also be issued by the Commissioner when a court of competent jurisdiction has finally determined that more than one person is entitled to use the same or similar marks in commerce. In issuing concurrent registrations, the Commissioner shall prescribe conditions and limitations as to the mode or place of use of the mark or the goods on or in connection with which such mark is registered to the respective persons.

**15 U.S.C. § 1114. Remedies; infringement; innocent infringement by printers and publishers [Section 32]**

(1) Any person who shall, without the consent of the registrant --

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive;

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) of this section, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

**Fed.R.Civ.P. Rule 56. Summary Judgment**

(e) Form of Affidavits; Further Testimony; Defense Required. Supporting and opposing affidavits shall be made on personal knowledge, shall set forth such facts as would be admissible in evidence, and shall show affirmatively that the affiant is competent to testify to the matters stated therein. Sworn or certified copies of all papers or parts thereof referred to in an affidavit shall be attached thereto or served therewith. The court may permit affidavits to be supplemented or opposed by depositions, answers to interrogatories, or further affidavits. When a motion for summary judgment is made and supported as provided in this rule, an adverse party may not rest upon the mere allegations or denials of the adverse party's pleading, but the adverse party's response, by affidavits or as otherwise provided in this rule, must set forth specific facts showing that there is a genuine issue for trial. If the adverse party does not so respond, summary judgment, if appropriate, shall be entered against the adverse party.

## IV. STATEMENT OF THE CASE

### A. Introduction

This case involves the question whether a final judgment of a federal circuit court must be deemed binding on the parties or, rather, can be relitigated by the losing

party in a subsequent suit (even absent a showing of changed circumstances) simply because the second court sees some difference in the tests applied by the two courts for determining the single issue presented in both proceedings - in this case, the issue of likelihood of confusion of trademarks under the Trademark Act of 1946 (the "Lanham Act"), 15 U.S.C. § 1051 *et seq.* The question at issue is far-reaching and could deprive of finality not only the thousands of cases litigated annually before the Trademark Trial and Appeal Board ("T.T.A.B.") and the Federal Circuit in which the issue of likelihood of confusion is adjudicated. Applying the sweeping logic of the Second Circuit, any time two adjudicative bodies (*e.g.*, a state court and a federal court or two federal courts) have less than completely commensurate criteria for analyzing an issue, the issue may be relitigated in a second suit.

Moreover (as occurred here), the perceived differences in legal standards need not even be genuine; a *misapprehension* of a difference (such as the Second Circuit's apparent misapprehension of the nature of the test for likelihood of confusion applied in the Federal Circuit) would suffice to require relitigation of an issue already decided. Indeed, despite substantial Federal Circuit and T.T.A.B. case law showing otherwise, the Second Circuit found that the Federal Circuit and T.T.A.B., as part of their

thirteen-part test for determining the statutory issue of likelihood of confusion, do not sufficiently consider the "trade dress"[1] of an accused mark or the circumstances of actual use. (App. 19a-20a.) In other respects, the Federal Circuit's test of likelihood of confusion was not found to differ from the Second Circuit's eight-part test of likelihood of confusion.

The Second Circuit identified nothing in B&C's trade dress or the circumstances of actual use that it believed the Federal Circuit overlooked or that might be thought to lessen the likelihood of confusion. Nonetheless, the perceived (or misperceived) differences in the tests applied by the two courts (though evidently immaterial on the facts here) were thought by the Second Circuit to require relitigation of the holding of the Federal Circuit that respondent's mark BEAMISH is likely to be confused with petitioner's famous trademarks and trade names BEAM and JIM BEAM.

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[1] Trade dress has been defined as "the total image of a product and may include features such as size, shape, color or color combinations, texture, graphics or even particular sales techniques." *Ambrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1535 (11th Cir. 1986), *cert. denied*, 481 U.S. 1041 (1987).

## B. The Prior Case

On August 2, 1983, B&C obtained a registration on the Supplemental Register of the United States Patent and Trademark Office (Reg. No. 1,247,430) for the designation BEAMISH for the alcoholic beverage "stout." Beam promptly filed with the T.T.A.B. a petition to cancel the registration, asserting that B&C's use of the mark BEAMISH was likely to cause confusion with Beam's name and senior BEAM trademarks (including BEAM and JIM BEAM for bourbon, and other "Beam" derivatives such as BEAMERO for tequila, BEAMEISTER for wine and BEAM'S CHOICE for whiskey).

Following discovery pursuant to the Federal Rules of Civil Procedure[2], the case was presented on trial by the parties and fully briefed and argued before the T.T.A.B. The T.T.A.B. made detailed findings (including findings regarding the labels -- *i.e.*, trade dress -- for Beam's products and the circumstances of actual use of the trademarks) but denied Beam's petition. The United States Court of Appeals for the Federal Circuit reversed. By an

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[2] Under the rules of practice of the United States Trademark Office in cancellation and other *inter partes* proceedings, the Federal Rules of Civil Procedure and the Federal Rules of Evidence apply. 37 C.F.R. §§ 2.116, 2.120, 2.122 (1990).

opinion and judgment rendered February 1, 1989, the Federal Circuit approved the factual findings of the T.T.A.B. but concluded on legal grounds that B&C's "mark BEAMISH so resembles Beam Distilling's trademarks that it is likely to cause confusion." (App. 51a.) On March 27, 1989, B&C's registration for BEAMISH was ordered canceled.

### C. The District Court Case

Following the Federal Circuit decision, B&C refused to discontinue its use of BEAMISH on alcoholic beverages sold in the United States. Beam filed its Complaint in the District Court for the Southern District of New York on August 30, 1989. B&C served its Answer on January 4, 1990.

Following discovery, Beam moved for summary judgment on the grounds that B&C was barred, under principles of collateral estoppel and res judicata, from relitigating the issue of likelihood of confusion previously decided by the Federal Circuit. B&C opposed the motion (and cross-moved for summary judgment), relying solely on the affidavit of its attorney. The affidavit did not purport to be based upon personal knowledge. B&C sought to raise as a defense to Beam's motion the solitary issue that there had been a material change of circumstances since the

Federal Circuit's decision, making collateral estoppel inappropriate.

In its Opinion and Order dated October 15, 1990, the District Court noted it was bound by the Federal Circuit decision (App. 36a) and granted summary judgment for Beam, finding that B&C had failed to show materially changed circumstances since the Federal Circuit decision. (App. 44a.) B&C appealed.

### D. The Second Circuit Appeal

On appeal, B&C did not pursue its sole argument in the district court (that there had been materially changed circumstances), but argued instead (i) that it had been denied a full and fair opportunity to litigate in the T.T.A.B. and Federal Circuit and (ii) that the issue of likelihood of confusion differed in the Federal Circuit and the District Court. The Second Circuit did not address respondent's contention that it had been denied a full and fair opportunity to litigate in the prior proceeding and did not question the District Court's finding that there had been no material change in circumstances since the first proceeding. Moreover, the Second Circuit acknowledged that the issue before the Federal Circuit of the right to registration under Section 2(d) of the Lanham Act, 15 U.S.C. § 1052(d), like the issue before the District Court of the right to use a mark

under Section 32 of the statute, 15 U.S.C. § 1114, was "whether the use of a mark is likely to cause confusion." (App. 19a.) The Second Circuit nonetheless held that "[w]hen the trademarks are simply a word or words, however, the standards by which that likelihood is judged are different because the factual frame of reference used by the adjudicating body is different." *Id.*

The Second Circuit's ruling rests solely upon the premise (in fact mistaken) that the Trademark Trial and Appeal Board and the Federal Circuit do not adequately consider the trade dress of the parties' products and circumstances of actual use. (App. 19a-20a.) The Second Circuit thus ignored the actual holding of the Federal Circuit that "B&C's *mark* BEAMISH so resembles Beam Distilling's *trademarks* that it is likely to cause confusion." (App. 51a) (Emphasis added.) The Federal Circuit did not simply hold (as the Second Circuit would have it) that the *word* "Beamish" was confusingly similar to the *words* "Jim Beam" and "Beam".

B&C's BEAMISH labelling and dress of goods were before the T.T.A.B., the Federal Circuit, the District Court and the Second Circuit, which by its own precedent is in "as good a position as the trial judge" to compare the parties' marks. *McGregor-Doniger, Inc. v. Drizzle, Inc.*, 599 F.2d 1126, 1133 (2d Cir. 1979). However, the Second

Circuit recited no specific facts (nor are there any) regarding B&C's BEAMISH labelling and trade dress or the circumstances of actual use that might suggest, however remotely, changed circumstances or a reduced risk of confusion. The Second Circuit also did not question the fact (admitted by respondent in both proceedings) that in *actual use* the parties' products "have been sold side-by-side for off-premises consumption in liquor stores and other retail purveyors" and "have been sold side-by-side for on-premises consumption in saloons, barrooms, clubs and pubs ..." There being no such *facts* in dispute, the decision of the Second Circuit thus turns solely on the broad rule that, *as a matter of law*, a finding by the Federal Circuit of likelihood of confusion is not final or binding on a district court on the issue of likelihood of confusion, by reason of collateral estoppel, *even in the absence of any showing of changed circumstances.*

### a. The Second Circuit, When It Directed Retrial, Did Not Apply The Proper Standard For Collateral Estoppel

In *Montana v. United States*, 440 U.S. 147 (1979), this Court established that collateral estoppel shall apply where "an issue is actually and necessarily determined by a court of competent jurisdiction; *id.* at 153, provided, in a

subsequent action between the parties: (1) "the issues presented are in substance the same as those resolved" in the first action; (2) "controlling facts or legal principles have [not] changed significantly since the" first action, and (3) "special circumstances [do not] warrant an exception to the normal rules of preclusion." *Id.* at 155. On appeal, B&C did not challenge the District Court's finding that there had been no material change of circumstance, and no question was raised whether special circumstances warranted an exception to the usual rules. The only question decided by the Second Circuit was whether the issue of likelihood of confusion differed in the two proceedings.

In overturning the District Court's grant of summary judgment, the Second Circuit refused to apply or even consider *Montana v. United States*, and thus did not analyze whether the issue of likelihood of confusion under Section 2(d) of the Lanham Act must be deemed "in substance the same" as the issue of likelihood of confusion under Section 32 of the same statute. The only authority cited by the Second Circuit on this point (App. 20a), *Cullen v. Margiotta*, 811 F.2d 698, 732-33 (2d Cir.), *cert. denied*, 483 U.S. 1021 (1987), presented circumstances where the two applicable tests (for determining class certification under state and federal law) in substance *conflicted*, not simply differed. By contrast, as the Second Circuit

acknowledged with respect to the two applicable sections of the Lanham Act, 15 U.S.C. §§ 1052(d) and 1114(1)(a), "both sections refer to whether the use of a mark is likely to cause confusion." (App. 19a.) Moreover, unlike the decision in *Cullen* (where the two applicable *tests* were analyzed), the Second Circuit in this case did not compare the applicable *tests* of likelihood of confusion. *See Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492, 495 (2d Cir.), *cert. denied*, 368 U.S. 820 (1961); *In re E.I. DuPont DeNemours & Co.*, 476 F.2d 1357, 1361 (C.C.P.A. 1973).[3] Rather, the Second Circuit focused on narrow factual considerations without analyzing whether, in light of all of the factors considered by the Federal Circuit, the

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[3] Comparison of the two tests shows they are in substance indistinguishable. Both tests encompass such factors as the strength of the senior mark; the similarity of the marks; the similarity of the products; the channels of trade in which the products are marketed; the sophistication of purchasers; evidence of actual confusion and the junior user's intent. *Compare Polaroid Corp. v. Polarad Electronics Corp.*, *supra* and *In re E.I. DuPont DeNemours & Co.*, *supra*. As the Court in *DuPont* emphasized: "[w]e find no warrant, in the statute or elsewhere, for discarding *any* evidence bearing on the question of likelihood of confusion." 476 F.2d at 1362.

*issue* of likelihood of confusion nonetheless is *in substance* the same in the two proceedings.

The Second Circuit did not distinguish the legal issue (likelihood of confusion) from the specific *facts* that frame it, and by failing to apply this Court's definition of what is a legal issue, failed to explain how one statutory issue (likelihood of confusion) can be made into two. By such alchemy, any one issue can be made to appear as two whenever two courts apply slightly different tests to analyze that issue or attribute different weight to any of the factual questions that form the issue. The phrase "likelihood of confusion", appearing in two places in the same statute, simply cannot mean two so radically different things as to require relitigation of that issue in all cases where it has once been decided by the Federal Circuit.

The potential for conflict and inconsistency is heightened by the fact that, in both the Federal Circuit and the Second Circuit, likelihood of confusion is a question of law. *Weiss Associates, Inc. v. HRL Associates, Inc.*, 902 F.2d 1546, 1547-48 (Fed.Cir. 1990); *Plus Products v. Plus Discount Foods, Inc.*, 722 F.2d 999, 1004-05 (2d Cir. 1983). Refusing to accord preclusive effect to a decision of the Federal Circuit thus would permit the untenable circumstance that a mark such as BEAMISH could, simultaneously and *as a matter of law*, be both likely and

not likely to cause confusion with another mark -- such as the BEAM marks. Such contradictory circumstances undermine the uniformity and finality necessary in the law, creating conditions more unseemly than seamless, and invite collateral attacks on final judgments of the federal courts.

The circumstance is particularly ironic here since a principal purpose of the Federal Courts Improvement Act of 1982 (which established the Court of Appeals for the Federal Circuit) was to remedy "the inability of our present system to provide a prompt, *definitive* answer to legal questions of nationwide significance", and to provide "a forum for appeals from throughout the country in areas of the law where Congress determines that there is *special need for national uniformity*." S.Rep. No. 275, 97th Cong., 2d Sess. 2, *reprinted in* 1982 U.S. Code Cong. & Admin. News 11, 14. (Emphasis added.) The Congressional statement of purpose no doubt is principally relevant to patent cases, as to which the Federal Circuit was granted exclusive appellate jurisdiction. However, owing to the Federal Circuit's special expertise in intellectual property matters, Congress' expression of purpose may not fairly be so confined.

### b. The Second Circuit Did Not Recognize The Finality Of The Federal Circuit's Decision

The Second Circuit decision does not mention *Brenner v. Manson*, 383 U.S. 519 (1967), much less attempt to reconcile its holding with the conclusion of this Court in *Brenner* establishing that the C.C.P.A. (the predecessor body to the Federal Circuit) is an Article III court, the decisions of which are "final and binding in the usual sense." *Id.* at 526. The Second Circuit does not accord any finality to the Federal Circuit holding of likelihood of confusion between the *marks* in suit. Rather, it treats the holding as if it related to words only and contemplates that the District Court may reach a contrary result.

The Second Circuit's conclusion that the Federal Circuit decision need not be followed because the T.T.A.B. and the Federal Circuit do not consider trade dress or circumstances of actual use is demonstrably incorrect. In the recent decision *J & J Snack Foods Corp. v. McDonald's Corp.*, 18 U.S.P.Q.2d 1889 (Fed.Cir. 1991), the Federal Circuit clarified the applicable test for likelihood of confusion (and the *statutory basis* of the test) under Section 2(d) of the Lanham Act, 15 U.S.C. § 1052(d):

Section 2(d) of the Lanham Trademark Act, 15 U.S.C. § 1052(d), provides that a trademark shall not be refused registration unless, *inter alia*, it:

> Consists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, *when applied to the goods of the applicant*, to cause confusion, or to cause mistake, or to deceive ....

The likelihood of confusion, mistake, or deception is determined by assessing the appropriate evidentiary factors, including the similarity or dissimilarity of the marks; the similarity or dissimilarity of the goods as described in the application, compared with the goods with which the prior mark is associated; the respective channels of trade; *the conditions of sale and the intended customers; the extent and nature of advertising and promotion*; the fame of the prior mark; the number and nature of similar marks in use on similar goods; and any evidence of actual confusion or the absence thereof.

*Id.* at 1891. (Emphasis added.) The Federal Circuit also explained that "[t]he protective provisions of the Lanham Act benefit not only the business community but the

consuming public, and *it is from the perspective of the consumer that likelihood of confusion is determined.*" *Id.* at 1892. (Emphasis added.)

The statement in *J & J Snack Foods* clarifies the proper application of the thirteen-part test of likelihood of confusion adopted in *In re E.I. DuPont DeNemours & Co.*, *supra*, and shows how the test is and (by statute) must be applied by the T.T.A.B. For instance, in *In re Nationwide Industries, Inc.*, 6 U.S.P.Q.2d 1882, 1883-4 (T.T.A.B. 1988), the T.T.A.B. stated:

> Contrary to applicant's belief, when registration has been refused under Section 2(d) of the Act, the commercial impression created by the mark sought to be registered must be determined by considering the mark in relation to the goods for which registration is sought. Section 2(d) specifically prohibits the registration of a mark "which so resembles a mark registered in the Patent and Trademark Office or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, *when applied to the goods of the applicant*, to cause confusion, or to cause mistake, or to deceive" (emphasis added [in the original]). Thus, it is settled that evidence of the context in which a mark is used on labels, packaging, advertising, etc., is probative of the significance which the mark is likely to project to purchasers. See: *Northwestern Golf Co. v. Acushnet Co.*, 226 U.S.P.Q. 240 (T.T.A.B. 1985), and cases cited therein.

*Accord, Morton-Norwich Products, Inc. v. S. C. Johnson & Son, Inc.*, 531 F.2d 561, 562 (C.C.P.A. 1976) (parties' word marks RAIN BARREL and RAINFRESH confusingly similar when viewed in context of other statements on product labels); *In re P. Ferrero & C., S.p.A.*, 479 F.2d 1395, 1396-97 (C.C.P.A. 1973) (T.T.A.B. decision finding no likelihood of confusion reversed where the T.T.A.B. "appears to have regarded only the marks, without their significance" as shown by the product labels); *Presto Products, Inc. v. Nice-Pak Products, Inc.*, 9 U.S.P.Q.2d 1895, 1897 (T.T.A.B. 1988) ("[i]t is obvious [from Section 2(d)] that the significance of a mark must be determined not in the abstract, but rather in relation to the goods or services to which it is applied, and the context in which it is used, because that is how the mark is encountered by purchasers"); *American Rice, Inc. v. H.I.T. Corp.*, 231 U.S.P.Q. 793, 797 (T.T.A.B. 1986) ("in evaluating the likelihood of confusion, we may take into account whether the trade dress of the packages or labels in the application files as specimens, or otherwise in evidence, may demonstrate that the trademark projects a confusingly similar commercial impression.")

The Second Circuit thus is demonstrably and unquestionably incorrect in assuming that the Federal Circuit and the T.T.A.B. do not consider the trade dress of

the parties' goods or the circumstances of actual use and in treating the decision of the Federal Circuit as a finding about the similarity or not of the words "Beamish" and "Beam and Jim Beam". It is not surprising, therefore, that in all of the relevant cases (decided after *Brenner v. Manson, supra*), the courts have held that the issue of likelihood of confusion is the same in infringement proceedings under Section 32 of the Lanham Act, 15 U.S.C. § 1114, and registration proceedings under Section 2(d) of the Lanham Act, 15 U.S.C. § 1052(d). *EZ Loader Boat Trailers, Inc. v. Cox Trailers*, Inc., 568 F. Supp. 1229, 1230-31 (N.D. Ill. 1983), *aff'd*, 746 F.2d 375, 377 (7th Cir. 1984); *Flavor Corp. of America v. Kemin Industries, Inc.*, 358 F. Supp. 1114, 1119 (S.D. Iowa 1973), *aff'd*, 493 F.2d 275, 279-80 (8th Cir. 1974); *Plus Products v. Natural Organics, Inc.*, 223 U.S.P.Q. 27, 28 (S.D.N.Y. 1984); *Libbey-Owens-Ford Glass Co. v. Shatterproof Glass Corp.*, 165 U.S.P.Q. 335, 336 (E.D. Mich. 1970). Indeed, the Second Circuit's analysis of the Federal Circuit test of likelihood of confusion not only *conflicts* with the decisions of all the other courts to have decided the issue (including two other circuit courts), but is in this regard internally inconsistent.

The Second Circuit, seeking to distinguish the two other circuit court decisions that accorded collateral estoppel

effect to prior decisions of the Federal Circuit or C.C.P.A., *EZ Loader Boat Trailers, Inc. v. Cox Trailers, Inc.*, *supra*; *Flavor Corp. of America v. Kemin Industries, Inc.*, *supra*, observed that in those cases the Federal Circuit and the C.C.P.A. did consider actual use in commerce of the parties' marks. (App. 23a.) The Second Circuit thus acknowledges that the Federal Circuit and the T.T.A.B. *do* consider circumstances of actual use. Therefore, it cannot also be true (as the Second Circuit opined) that those bodies *do not* consider such evidence. *EZ Loader Boat Trailers* and *Kemin Industries, Inc.* were not and do not purport to have been exceptional; they simply applied established precedent of the Federal Circuit and the T.T.A.B., as cited above. The opportunity to present evidence on actual use available to the parties in *EZ Loader Boat Trailers* and *Kemin Industries, Inc.* was equally available to B&C, and the record is abundantly clear that the T.T.A.B. did consider the trade dress of the parties' marks and the circumstances of actual use. Indeed, its decision contains numerous explicit findings on these matters. (App. 54a-62a.)

The Second Circuit's own leading authority, 2 J. McCarthy, *Trademarks and Unfair Competition*, § 32:31 (2d ed. 1984) (App. 19a-20a), does not recommend refusing as a matter of law to accord finality to the Federal Circuit's

findings of likelihood of confusion, but recommends only that collateral estoppel be applied with "a scalpel, not a sledgehammer." *Id.* § 32:31 at 738. Contrary to Professor McCarthy's recommendation, the Second Circuit did not analyze B&C's labelling or dress or goods or consider at all whether *this* defendant was prejudiced by any alleged shortcomings of the T.T.A.B. and Federal Circuit proceedings.

The only judicial authority cited by the Second Circuit is *Kimberly-Clark Corp. v. H. Douglas Enterprises, Ltd.*, 774 F.2d 1144, 1147 (Fed.Cir. 1985). (App. 20a.) That case did not purport to overrule any of the numerous authorities cited above showing the relevance of trade dress and circumstances of actual use in applying Section 2(d) of the Lanham Act. (*See supra* pp. 18-21.) To the contrary, in *Kimberly-Clark*, the Federal Circuit did analyze the appearance of the parties' marks among consumers exposed to the parties' advertising. 774 F.2d at 1146. The principal applied in *Kimberly-Clark* was simply that distinctions in trade dress are not *dispositive* in proceedings for registration of word marks (because the trade *dress* may change subsequent to registration of the trademarked *word*). This is not unlike the Second Circuit's own test of likelihood of confusion under Section 32 of the Lanham Act, in which the overall appearance of the parties' marks is simply

considered as one of numerous factors, no one of which is dispositive. *See Polaroid Corp. v. Polarad Electronics Corp.*, *supra*, 287 F.2d at 495. Moreover, the unusual circumstance that there will be both something highly significant about a party's trade dress (*e.g.*, a prominent disclaimer of affiliation with the other party) *and* some great disparity in the weight attributed such a factor by the Federal Circuit (or T.T.A.B.) and a district court does not support the broad general rule of law announced the Second Circuit. Such unlikely circumstances can be dealt with on a case by case basis (as Professor McCarthy suggests) without *requiring relitigation of the issue of likelihood of confusion in all cases*, even those such as the present case in which there is nothing about B&C's label or dress of goods that can be said to lessen the likelihood of confusion and where no such distinguishing features are isolated by the court.

### c. The Second Circuit Did Not Apply This Court's Test For The Grant Of Summary Judgment

The Second Circuit failed to apply or consider the Supreme Court precedent, *Celotex Corp. v. Catrett*, 477 U.S. 317, 322 (1986), establishing that a party opposing a motion for summary judgment must "make a showing sufficient to establish the existence of an element essential to that party's case and on which that party will bear the burden of proof at trial." *Accord Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 254, 255 (1986). Beam moved for summary judgment based on the trial record before the T.T.A.B. and the determination of the Federal Circuit. In opposing the motion -- on the sole grounds of materially changed circumstances -- *B&C submitted no admissible evidence* under Fed.R.Civ.P. Rule 56(e). B&C submitted only the affidavit of an attorney which had no basis in personal knowledge.[4] Confirming the wisdom of Rule

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[4] This Court addressed the specific issue of the evidentiary insufficiency of an attorney's affidavit not based on personal knowledge in *Automatic Radio Mfg., Inc. v. Hazeltine Research, Inc.*, 339 U.S. 827, 831 (1950). The case was later reversed on other grounds. *Lear, Inc. v. Adkins*, 395 U.S. 653 (1969). However, there is no question of the appropriate standard to be applied here, since the Second Circuit itself recognizes the proper standard.

(continued...)

56(e), the attorney's affidavit proved to be inaccurate since it claimed B&C had used the BEAMISH mark in the U.S since 1950, whereas B&C in its application to register BEAMISH, had admitted that as of April, 1983 it could not claim five years' continuous use of the mark in this country but at most could claim use (not necessarily continuous) for one year. The affidavit of B&C's attorney failed to show materially changed circumstances and made no pretense of showing the issue of likelihood of confusion differed in the two proceedings, yet the Second Circuit failed to apply Rule 56(e) or applicable Supreme Court precedent establishing Beam's entitlement to summary judgment.

### E. Reasons For Allowing The Writ

The Second Circuit opinion in this case should be reviewed on a writ of certiorari by this Court because it is inconsistent with basic principles established by this Court regarding the application of collateral estoppel as well as the proper measure of deference owed to an Article III court such as the Court of Appeals for the Federal Circuit. Indeed, the decision is internally inconsistent and is directly at odds with every relevant case (including the decisions of

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[4](...continued)
*S.E.C. v. Research Automation Corp.*, 585 F.2d 31, 33 (2d Cir. 1978).

two other Circuits) since this Court's decision in *Brenner v. Manson*. The decision thus creates uncertainty where in the past there was none.

The Second Circuit decision fundamentally undermines established precedent on the application of collateral estoppel and thus encourages wasteful relitigation of issues already adjudicated. The decision cites no facts to show why application of collateral estoppel would work an injustice on the previously unsuccessful litigant before it (since there is nothing about B&C's trade dress or the circumstances of actual use to suggest a reduced risk of confusion), but instead announces a broad new rule of law that decisions of the Federal Circuit on the issue of likelihood of confusion simply are not final and binding. Since, to reach this conclusion, the Second Circuit seized (erroneously) on what it perceived to be a discrepancy in the multipart tests of likelihood of confusion applied by it and the Federal Circuit, the decision, if allowed to stand, can only encourage further fault-finding excursions by the federal judiciary when, for whatever reason, one court disagrees with a previous holding of another court. Nothing in the Second Circuit's reasoning would confine the potential mischief to decisions applying the Lanham Act.

By disregarding the obvious applicability of this Court's rulings in *Celotex Corp. v. Catrett* and *Anderson v.*

*Liberty Lobby, Inc.*, the Second Circuit further encourages wasteful litigation. B&C had a full opportunity to present evidence on the issue of likelihood of confusion in the T.T.A.B. and the Federal Circuit and a second such opportunity in the District Court. It failed utterly to do so. No question is raised by the Second Circuit opinion as to the fairness of the procedures offered the litigants in each forum. Nonetheless, by remanding for further proceedings, the Second Circuit authorizes precisely the type of purposeless litigation the summary judgment procedure is designed to prevent.

Where, as here, a "case or controversy" under Article III of the Constitution has been decided by a federal court, "[p]ublic policy dictates that there be an end to litigation; that those who have contested an issue shall be bound by the result of the contest, and that matters once tried shall be considered forever settled between the parties." *Baldwin v. Iowa State Traveling Men's Association*, 283 U.S. 522, 525 (1931). The Federal Circuit previously held that "B&C's mark BEAMISH so resembles Beam Distilling's trademarks that it is likely to cause confusion", and the Second Circuit was not justified in refusing to follow that holding.

## V. CONCLUSION

For the foregoing reasons, petitioner respectfully requests that this Court grant the Writ of Certiorari.

Respectfully submitted,

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December 11, 1991

# APPENDIX

UNITED STATES COURT OF APPEALS

FOR THE

SECOND CIRCUIT

At a stated term of the United States Court of Appeals for the Second Circuit, held at the United States Courthouse, in the City of New York, on the twelfth day of September, one thousand nine hundred and ninety-one.

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JIM BEAM BRANDS CO.,

Plaintiff-
Appellee,

- v. -

Docket No.
90-7994

BEAMISH & CRAWFORD, LTD.,

Defendant-
Appellant.

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A petition for rehearing containing a suggestion that the action be reheard in banc having been filed herein by Plaintiff-Appellee, JIM BEAM BRANDS CO.

Upon consideration by the panel that heard the appeal, it is

Ordered that said petition for rehearing is DENIED.

It is further noted that the suggestion for rehearing in banc has been transmitted to the judges of the court in regular active service and to any other judge that heard the appeal and that no such judge has requested that a vote be taken thereon.

s/_____
ELAINE B. GOLDSMITH
Clerk

# UNITED STATES COURT OF APPEALS

## FOR THE

## SECOND CIRCUIT

At a stated Term of the United States Court of Appeals for the Second Circuit, held at the United States Courthouse in the City of New York, on the 19th day of June, one thousand nine hundred and ninety-one.

Present: HON. AMALYA L. KEARSE,
HON. GEORGE C. PRATT,
HON. JOSEPH M. McLAUGHLIN,
Circuit Judges

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JIM BEAMS BRANDS CO.,

Plaintiff-
Appellee,

- v. -

Docket No.
90-7994

BEAMISH & CRAWFORD LTD.,

Defendant-
Appellant.

---

Appeal from the United States District Court for the Southern District of New York.

This cause came on to be heard on the transcript of record from the United States District Court for the Southern District of New York and was argued by counsel.

ON CONSIDERATION WHEREOF, it is now hereby ordered, adjudged and decreed that the judgment of said district court be and it hereby is vacated and the action be and it hereby is remanded to the district court for further proceedings not inconsistent with the opinion of this court with costs to the appellant.

Elaine B. Goldsmith,
Clerk

by: Edward J. Guardaro,
Deputy Clerk

UNITED STATES COURT OF APPEALS

FOR THE SECOND CIRCUIT

No. 1148 August Term, 1990

(Argued: March 5, 1991 Decided:

Docket No. 90-7994

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JIM BEAM BRANDS CO.,

Plaintiff-Appellee

--v. -

BEAMISH & CRAWFORD LTD.,

Defendant-Appellant.

---

Before: KEARSE, PRATT, and MCLAUGHLIN, Circuit Judges.

Appeal from a judgment of the United States District Court for the Southern District of New York, Richard Owen, Judge, in favor of plaintiff in trademark

infringement action, enjoining use of defendant's mark within the United States.

Vacated and remanded.

MERCER L. STOCKELL, New York, New York (Jonathan E. Moskin, Pennie & Edmonds, New York, New York, on the brief), for Plaintiff-Appellee.

THOMAS M. GIBSON, New York, New York (Hedman, Gibson, Costigan & Hoare, New York, New York, on the brief), for Defendant-Appellant.

KEARSE, Circuit Judge:

Defendant Beamish & Crawford Ltd. ("Beamish & Crawford" or "B&C") appeals from a final judgment of the United States District Court for the Southern District of New York, Richard Owen, Judge, in favor of plaintiff Jim Beam Brands Co. ("Jim Beam") on its complaint alleging, inter alia, trademark infringement and false designation of origin, in violation of the Lanham Act (the "Lanham Act" or "Act"), 15 U.S.C. § 1051 et seq. (1988), and state-law claims of trademark dilution and false advertising. The district court, granting summary judgment, permanently enjoined B&C from using the mark BEAMISH in the United States on its imported alcoholic beverage, ruling that B&C was collaterally estopped from contending that use of this mark was not likely to cause confusion with the marks of Jim Beam. On appeal, B&C contends principally that the district court (1) erred in its collateral estoppel ruling, and (2) erred in failing to consider the equities before issuing the injunction. For the reasons below, we conclude that collateral estoppel was not applicable, and we vacate the judgment and remand to the district court for further proceedings.

## I. BACKGROUND

Since approximately 1795, Jim Beam has marketed various alcoholic beverages in the United States, principally bourbon and blended whiskey. It uses the name "BEAM" or some form an extension thereof such as "BEAM'S" or "JIM BEAM," in its trademarks. Its marks are registered with the United States Patent and Trademark Office. Jim Beam has never produced or marketed beer, ale, or stout.

Beamish & Crawford is a company formed in Ireland in 1792 as the result of an agreement between William Beamish and William Crawford, merchants in the City of Cork, and two local brewers. Its president at the time of this litigation was R.P. Beamish. For nearly two centuries, it has sold stout outside of the United States under the label BEAMISH. B&C claims that it began selling its BEAMISH stout in the United States in 1950. In August 1983, B&C obtained United States trademark registration of the BEAMISH mark for use on its stout.

### A. The Cancellation Proceeding and the Federal Circuit Decision

In November 1983, Jim Beam petitioned the Trademark Trial and Appeal Board (the "TTAB" or

"Board") to cancel B&C's BEAMISH registration, contending that the BEAMISH mark was likely to cause confusion with Jim Beam's BEAM name and its family of registered trademarks. Following discovery and a trial, the TTAB denied Jim Beam's petition. In an opinion dated February 24, 1988 ("Board Decision"), the Board concluded that Jim Beam had introduced insufficient evidence to prove public awareness of a BEAM family of marks, and the Board therefore compared the BEAMISH mark only to the two Jim Beam marks most similar to it, i.e., BEAM and JIM BEAM. The TTAB found that these two had become famous marks for whiskey, that Jim Beam's whiskey was sold in some of the same retail channels as B&C's stout, that it was likely to be advertised in the same publications, and that it could be purchased by the same customers. Nonetheless, the Board found that there was no evidence in the record that consumers were likely to believe that the whiskey and the stout, which are "distinctly different products," id. at 10, came from the same source; and it found that confusion as to source was unlikely in light of the lack of identity of B&C's and Jim Beam's registered marks:

> The fame of [Jim Beam's] "BEAM" and "JIM BEAM" marks would carry more

> weight in this case if the mark applied to [B&C's] stout were the identical mark that has become famous in connection with bourbon whiskey, namely, "BEAM". Instead, [B&C's] mark is "BEAMISH," a mark which, although it contains the four letters which compose [Jim Beam's] famous mark, is, nonetheless, easily distinguishable from [Jim Beam's] mark in appearance and pronunciation. [Jim Beam] argued at the oral hearing in this case that the "-ISH" portion of [B&C's] mark means "of or belonging to" (Webster's Third New International Dictionary, unabridged) and, thus, that [B&C's] mark "BEAMISH" would suggest to purchasers that the stout bearing that mark was a product" of or belonging to" BEAM. We find no evidence of record tending to show that purchasers would have such a reaction upon seeing [B&C's] mark "BEAMISH". Although [B&C] offered no evidence to prove that purchasers would view "BEAMISH" as a surname, the record (i.e., the registration file of [B&C's] "BEAMISH" registration) does disclose that the "BEAMISH" registration issued on the Supplemental Register on account of the surname significance of [B&C's] mark.

Board Decision at 12.

Jim Beam appealed this decision to the United States Court of Appeals for the Federal Circuit. In an unpublished decision dated February 1, 1989 ("Federal

Circuit Decision"), that court reversed the Board. The court noted that the TTAB had found that whiskey and stout were distinctly different products, that Board findings were not to be overturned unless clearly erroneous, and that it did "not deem this finding by the board clearly erroneous." Id. at 3. Instead, the court ruled that likelihood of confusion is a legal matter to be decided by the reviewing court, and it concluded that confusion was likely. It concluded that the TTAB had erred by according "undue weight to the dissimilarities in the goods and in the marks." Id. at 5. The court stated:

> Another factor to consider . . . is the similarity of the marks in their entireties as to appearance, sound, connotation, and commercial impression. Furthermore, . . . it is proper to give greater force and effect to a mark's dominant feature. . . . In this case, it cannot be disputed that the word BEAM is the dominant feature in B&C's mark BEAMISH and in all of Beam Distilling's trademarks. While we agree with the board that the marks are not identical, we disagree with the board's characterization of the marks as "only somewhat similar in appearance." Again, we conclude that the board assigned undue weight to this finding . . . .

Id. at 4. As a result of the Federal Circuit's decision, B&C's registration for BEAMISH was cancelled in March 1989.

B. The Present Infringement Action

In August 1989, Jim Beam commenced the present action alleging, inter alia, trademark infringement in violation of the Lanham Act, 15 U.S.C. § 1114(1)(a), and trademark dilution and false advertising in violation of state law, and seeking an injunction against any use by B&C in the United States of the BEAMISH mark and any other mark that might be confused with Jim Beam's marks. After a year of discovery, Jim Beam moved for summary judgment, contending that, as a result of the Federal circuit's decision, B&C was barred by principles of res judicata and collateral estoppel from relitigating the issue of likelihood of confusion.

B&C opposed Jim Beam's motion, arguing principally (1) that res judicata and collateral estoppel were inapplicable because (a) the factual context of the Federal Circuit decision was different, and (b) the factual circumstances had materially changed since the cancellation proceeding; and (2) that even if there were a likelihood of confusion, the equities favored B&C and required that it not

be enjoined from using the BEAMISH mark on its stout. In its opposition to Jim Beam's collateral estoppel contention, B&C argued that the mark adjudicated administratively and in the Federal Circuit was merely the typewritten word BEAMISH, rather than the mark as it actually appears on the product as marketed; it urged the court to consider the product labels, which it contended were dissimilar. It also contended that the Federal Circuit's decision could not constitute collateral estoppel on the likelihood-of-confusion question because certain members of Jim Beam's family of BEAM registrations had expired.

In support of its contention that the equities required that it not be enjoined from using the BEAMISH mark in the United States, B&C pointed out that it had been using this mark for nearly two centuries; that Beamish was the surname of one of its founders and of its current president; that it had begun using BEAMISH in the United States several decades ago; and that there was no likelihood that the gap between Jim Beam's use of its mark for whiskey and B&C's use of its mark for stout would be bridged, since Jim Beam had no plans to market, and had never considered marketing, stout. In addition, B&C produced an August 1986 "awareness study" (the "1986 study"), obtained during discovery in the present action,

which had been commissioned by Jim Beam and showed no strong association in the public's mind between the mark "BEAM" and Jim Beam's products.

Jim Beam disputed B&C's contentions as to the lack of similarity of the two companies' labels, contended that it had not conducted the 1986 study, and asserted that, in any event, that study was flawed in design. It submitted the preliminary results of a survey conducted in 1990 ("1990 survey"), purporting to show consumer recognition of the mark BEAM for "beer, wine and liquor." Jim Beam also stated that although Jim Beam did not currently market stout, beer, or ale, and did not have any immediate plans to do so, it had considered marketing a beer product on numerous occasions.

In an Opinion and Order dated October 15, 1990 ("District Court Decision"), the district court granted summary judgment to Jim Beam, finding that it was entitled to "appropriate injunctive relief" an each of its claims on the ground that the Federal Circuit decision foreclosed relitigation of the issue of likelihood of confusion. Id. at 8. Though ruling that res judicata was inapplicable because the cause of action for cancellation was significantly different from the cause of action for infringement, the court concluded that principles of collateral estoppel did apply:

> Although the legal issue in the cancellation proceeding was the right to register a mark and the legal issue in the infringement action is the right to use a mark, nevertheless the issue of whether the marks are likely to cause confusion has the same meaning in both proceedings and is central to both determinations.

Id. at 3-4.

The court found it unnecessary to compare the respective marks as they actually appeared on the labels in order to determine whether they were confusingly similar:

> Defendant claims that its label is less similar to plaintiff's mark than is its typewritten mark. However, the TTAB, comparing only the typewritten mark, found the marks to be dissimilar. In overturning the TTAB, the Federal Circuit did not reverse the TTAB's findings of fact but rather held that the trial board gave undue weight to its findings of the dissimilarity in the goods and in the marks. The Federal Circuit held that a proper weighing of the factors set forth in In re E.I. DuPont DeNemours & Co., 476 F.2d 1357 (CCPA 1973), including "the similarities in the goods, the similarities in the marks, the similarity of trade channels, the absence of third-party marks containing the word BEAM in use on any type of beverages, and the considerable fame Beam Distilling's trademarks have acquired," led to

> a finding of likelihood of conclusion. Thus, even if comparison of defendant's label would indicate a greater dissimilarity in appearance of the parties' marks than did the typewritten registration name, this fact would be immaterial to the Federal Circuit's decision.

District Court Decision at 5-6 n.2.

The court found no material change in the circumstances since the Federal Circuit decision. It concluded that the expiration of certain of Jim Beam's BEAM marks did not constitute a material change because the cancellation determination had been based on a comparison of the BEAMISH mark with the BEAM and JIM BEAM marks and not with the entire family of BEAM registered marks. It also found that because the 1986 survey sampled members of the public at large rather than focusing on consumers of alcoholic beverages, it provided "an insufficient showing of a change of circumstance with regard to public awareness of plaintiff's mark," because the "more recent survey commissioned by plaintiff this year demonstrates that among consumers of alcoholic beverages a high awareness of the mark 'BEAM' exists." Id. at 6 n.2.

Accordingly, the court stated:

> While I regret prohibiting a party from marketing a product here under its well-established name abroad, I conclude that I am obligated by the doctrine of collateral estoppel to adopt the Federal Circuit's earlier finding of likelihood of confusion in this situation and accord plaintiff protection therefrom.

Id. at 2-3. Judgment was entered enjoining B&C's use in the United States of the name-BEAMISH, and this appeal followed.

## II. DISCUSSION

On appeal, B&C challenges the district court's collateral estoppel ruling on the grounds that (1) the issue of likelihood of confusion in a trademark cancellation proceeding is not the same as the issue of likelihood of confusion in a trademark infringement suit, (2) the material facts have changed since the cancellation proceeding, and (3) likelihood of confusion is not an element of Jim Beam's state-law claims and hence the prior ruling could not be determinative of those claims. In addition, B&C contends that the district court erred in issuing its injunction without balancing the equities. For the reasons below, we conclude that collateral estoppel was incorrectly applied and that the matter must be remanded for further proceedings.

A. Collateral Estoppel

Collateral estoppel, or issue preclusion, prevents the relitigation of an issue that was raised, litigated, and actually decided by a judgment in a prior proceeding. Lawlor v. National Screen Service Corp., 349 U.S. 322, 326 (1955); Commissioner v. Sunnen, 333 U.S. 591, 598 (1948); Balderman v. United States Veterans Administration, 870 F.2d 57, 62 (2d Cir. 1989); Tucker v. Arthur Andersen & Co., 646 F.2d 721, 728 (2d Cir. 1981); Restatement (Second) of Judgments § 27 (1982). Issues that may bear the same label are nonetheless not identical if the standards governing them are significantly different. See, e.g., Cullen v. Marcgiotta, 811 F.2d 698, 732 (2d Cir.), cert. denied, 483 U.S. 1021 (1987). If an issue was not actually decided in a prior proceeding, or if its decision was not necessary to the judgment, its litigation in a subsequent proceeding is not barred by collateral estoppel. See, e.g., Brown v. Felsen, 442 U.S. 127, 139 n. 10 (1979); Balderman v. United States Veterans Administration, 870 F.2d at 62. These principles make collateral estoppel inapplicable here.

Though worded similarly, the issue of likelihood of confusion in a cancellation proceeding may be different from the issue of likelihood of confusion in an

action for infringement. With respect to the former, § 2(d) of the Lanham Act provides, in pertinent part, that a mark is not entitled to registration if it "[c]onsists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office . . . as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive." 15 U.S.C. § 1052(d). With respect to infringement, § 32 of the Art provides, in pertinent part, that infringement actions may be brought against those using or reproducing marks for certain purposes when "such use is likely to cause confusion, or to cause mistake, or to deceive." 15 U.S.C. § 1114(1)(a) and (b). Thus, both sections refer to whether the use of a mark is likely to cause confusion. When the trademarks are simply a word or words, however, the standards by which that likelihood is judged are different because the factual frame of reference used by the adjudicating body is different.

In a proceeding seeking the cancellation of a trademark or opposing an application for registration,

> likelihood of confusion is determined only as to the registrability of the applicant's mark exactly as shown in the application and only as to the goods listed, regardless of actual usage. Similarly, if (the party contesting the

> registration) relies on its own federal registration, its rights are determined as of the format and goods in that registration, regardless of the reality of actual usage. . . . Thus, an inter partes decision of the Trademark Board, whether reviewed by the CAFC or not, must be carefully examined to determine exactly what was decided and on what evidentiary basis. Many such oppositions and cancellations are decided only upon a limited comparison of the registered or applied-for format and goods without regard for their marketplace manner of use.

2 J. McCarthy, Trademarks and Unfair Competition § 32:31, at 737-38 (2d ed. 1984); see also 4A R. Callman, Unfair Competition, Trademarks and Monopolies, § 25.39, at 287-88 (4th ed. 1983) ("Callman"). In general, therefore, "a distinction in trade dress cannot weigh against likelihood of confusion with respect to the registration of a simple word mark" because "such dress might well be changed at any time; only the word mark itself is to be registered." Kimberly-Clark Corp. v. H. Douglas Enterprises, Ltd., 774 F.2d 1144, 1147 (Fed Cir. 1985); see also 4A Callman § 25.39, at 288.

In contrast, in determining the similarity of marks in an infringement action, a court must examine the visual appearance of each mark in the context of its use.

See, e.g., Western Publishing Co. v. Rose Art Industries, Inc., 910 F.2d 57, 62 (2d Cir. 1990) (finding no similarity between family of "Golden" marks and "Magnetic GoldenSlate" mark based on their visual appearance and use on products); Banff, Ltd. v. Federated Department Stores, Inc, 841 F.2d 486, 492 (2d Cir. 1988) (comparing typefaces in which marks appeared and other features of labels); Vitarroz Corp. v. Borden, Inc., 644 F.2d 960, 968-69 (2d Cir. 1981) (upholding district court's finding that potential for confusion in virtually identical marks was reduced by differing visual contexts in which they appeared); McGregor-Doniger Inc. v. Drizzle Inc., 599 F.2d 1126, 1133-34 (2d Cir. 1979) (approving district court's consideration of manner in which context reduced the similarity of marks whose typewritten and aural similarity approached identity); see also King Research, Inc. v. Shulton, Inc., 454 F.2d 66, 69 (2d Cir. 1972) (finding of no likelihood of confusion in infringement action does not preclude relitigation of that issue in later infringement action upon a material change in trade dress).

In the cancellation proceeding at issue here, the TTAB and the Federal Circuit applied the standard that was appropriate to that proceeding. Thus, though both the BEAMISH and the BEAM labels were part of the

administrative record, the TTAB and Federal Circuit discussions of the degree of similarity of the parties' respective marks made no mention of the actual use or appearance of those marks. The TTAB's factual findings made no reference to either party's labels, and its legal conclusions rested solely on the relationship between the appearances and pronunciation of the typewritten marks BEAM and BEAMISH and on the significance of the "-ISH" suffix. The Federal Circuit, in reaching a different legal conclusion, also relied solely on the relationship between the "BEAM" and "BEAMISH" marks in the abstract. Thus, the district court correctly observed that the TTAB "compar[ed] only the typewritten mark[s]," District Court Decision at 5 n.2, and, given the standard discussed above for assessing likelihood of confusion in cancellation proceedings, the district court was correct in its observation that comparison of the marks in context was "immaterial to the Federal Circuit's decision," id. at 6 n.2. But that immateriality itself made collateral estoppel inapplicable since a decision as to the likely effect of the marks in context was not necessary to the Federal Circuit's judgment.

In reaching its conclusion that collateral estoppel was appropriate, the district court relied on three cases. One, Libbey-Owens- Fords Glass Co. v.

Shatterproof Glass Corp., 165 U.S.P.Q. 335 (E.D. Mich 1970), is unpersuasive because that court relied solely on the similar statutory language in §§ 2(d) and 32 of the Act and gave no indication that it considered, or was asked to consider, any possible differences between the marks as used. The other two, EZ Loader Boat Trailers, Inc. v. Cox Trailers Inc., 746 F.2d 375, 377-79 (7th Cir. 1984), and Flavor Corp. of America v. Kemin Industries, Inc., 358 F. Supp. 1114, 1117-21 (S.D.Iowa 1973), aff'd, 493 F.2d 275 (8th Cir. 1974), are distinguishable since those courts ruled that collateral estoppel applied because the TTAB had in fact examined the marks not only in the abstract, but also in light of, inter alia, the manner in which they were affixed to the products in question and their appearance in sales and advertising materials. Though it is not entirely clear on what basis those courts may have viewed the TTAB's in-context evaluation as necessary to its judgment, the fact that the Board had actually decided the issue of likelihood of confusion of the marks in context makes those cases distinguishable from the present one. The district court here surmised that the Federal Circuit would have reached the same conclusion if it had considered the Jim Beam and BEAMISH marks in context. That supposition, however,

even if valid, is not a permissible surrogate for the prerequisite actual decision of the issue.

Jim Beam argues that if we set aside the collateral estoppel ruling, the judgment below may nonetheless be sustained on the ground that the Federal Circuit decision is "res judicata" because "the issues raised and the procedures available in the administrative proceeding were 'in all important respects the same as those in the District Court.'" (Jim Beam brief on appeal at 36, quoting Union Manufacturing Co. v. Han Baek Trading Co., 763 F.2d 42, 45 (2d Cir. 1985)). This argument is ill conceived. Res judicata, or claim preclusion, prevents the subsequent litigation by either party of any ground of recovery that was available in the prior action, whether or not it was actually litigated or determined. See, e.g., Commissioner v. Sunnen, 333 U.S. at 597; Balderman v. United States Veterans Administration, 870 F.2d at 62; Tucker v. Arthur Andersen & Co., 646 F.2d at 727; Restatement (Second) of Judgments § 24. If an injunction against trademark infringement was not available to Jim Beam in the TTAB/Federal Circuit proceeding, obviously res judicata would not apply; but if such relief was available to Jim Beam in those proceedings, that availability would preclude the present pursuit of such a claim by Jim Beam.

In sum, we conclude that the district court erred in ruling that B&C was barred from contending that there was little likelihood of confusion between its BEAMISH mark and Jim Beam's marks as those marks are actually used. Further, in light of the requirement that all reasonable inferences be drawn in favor of the nonmoving party on a motion for summary judgment, see, e.g., Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 255 (1986), we see no basis on which the district court could properly have ruled against B&C summarily on the merits of the likelihood-of-confusion issue. Accordingly, we vacate the judgment and remand to the district court for further proceedings.

B. Other Issues

In light of our remand for further proceedings, a few other matters warrant brief mention. First, to the extent that the district court rejected B&C's contentions on the ground that the 1990 survey showed consumer recognition of the BEAM mark for alcoholic beverages in general, the court does not appear to have drawn all reasonable inferences in favor of B&C as the nonmoving party. If, despite the compound form of its questions (e.g., "Thinking only about beer, wine and

liquor, what, if anything, does the name or nickname Beam mean to you?") that survey is eventually ruled admissible in evidence, see generally Universal City Studios, Inc. v. Nintendo Co., 746 F.2d 112, 118 (2d Cir. 1984), cert. denied, 479 U.S. 987 (1986), it would be the province of the finder of fact to determine what weight to accord the responses.

Second, the district court applied its collateral estoppel ruling not only to the federal trademark issues but also to Jim Beam's state-law claims, treating the latter as if they depended solely on a finding of likelihood of confusion. This treatment was inappropriate, for not only do these claims require the proof of other elements, but as to at least one such claim, likelihood of confusion is not an element. For example, a claim of trademark dilution under New York law involves a determination of such issues as the strength of the senior user's mark, the "'whittling down' of the identity of or reputation of" the mark, and the junior user's predatory intent, see Sally Gee, Inc. v. Myra Hogan, Inc., 699 F.2d 621, 625-26 (2d Cir. 1983), and the anti-dilution statute provides that "dilution of the distinctive quality of a mark or trade name shall be a ground for injunctive relief . . . notwithstanding . . . the absence of confusion as to the source of goods or services," N.Y.

Gen. Bus. Law § 368-d (McKinney 1984) (emphasis added). Thus, a finding of actual confusion is not necessary for a dilution claim under New York law, see Sally Gee, Inc. v. Myra Hogan, Inc., 699 F.2d at 624-25, and the New York Court of Appeals has ruled that likelihood of confusion also need not be proved, see Allied Maintenance Corp. v. Allied Mechanical Trades, Inc., 42 N.Y.2d 538, 544, 399 N.Y.S.2d 628, 632 (1977) ("it would be of no significance under our statute that [plaintiff] is not a competitor of, nor likely to be confused with [defendant]"). All issues as to the state-law claims, including B&C's argument that Jim Beam lacks standing to assert them, remain to be litigated in the district court.

Finally, B&C has challenged the district court's injunction on the ground that the court had improperly failed to give any consideration to the equities. We agree that a finding of likelihood of confusion in an infringement action does not automatically compel the issuance of an injunction barring use of the junior user's mark. See, e.g., Soltex Polymer Corp. v. Fortex Industries, Inc., 832 F.2d 1325, 1329 (2d Cir. 1987); Vitarroz Corp v. Borden, Inc., 644 F.2d at 969; Mushroom Makers, Inc. v. R.G. Barry Corp., 580 F. 2d 44, 49 (2d Cir. 1978), cert. denied, 439 U.S. 1116 (1979). Rather the

court may, after equitably "balancing the conflicting interests of the parties involved," McGregor-Doniger Inc. v. Drizzle, Inc., 599 F.2d at 1140, either determine that no injunctive relief would be appropriate, see Vitarroz Corp v. Borden, Inc., 644 F.2d at 969; Mushroom Makers, Inc. v. R.G. Barry Corp., 580 F.2d at 48-49, or tailor such relief so as to "avoid confusion in the marketplace, protect a prior company's property interest in its name, and permit an individual to exploit his own identity and reputation in a legitimate manner," Joseph Scott Co. v. Scott Swimming Pools, Inc., 764 F.2d 62, 67 (2d Cir. 1985). For example, the court might allow continued use of a mark with a disclaimer where the junior user can meet its burden of proving that the disclaimer would significantly reduce the likelihood of confusion. See Home Box Office, Inc. v. Showtime/The Movie Channel, Inc., 832 F.2d 1311, 1315-17 (2d Cir. 1987); see also Taylor Wine Co. v. Bully Hill Vineyards, Inc., 569 F. 2d 731 (2d Cir. 1978) (modifying district court's preliminary injunction to permit newcomer wine company to use signature of company's owner on label and advertising when accompanied by disclaimer of affiliation with senior wine company). In sum, "[i]t is one thing for the Patent and Trademark Office to tell an applicant that he may not have a registration, even

if he has already invested a lot of money in his use of the mark, because all he loses is the benefit of the presumptions and procedural advantages which accompany registration. . . . [I]t is a far more serious matter for a court to tell a defendant that he may no longer use his mark as a result of an injunction. 4A Callman § 25.39, at 288 (emphasis in original).

Though the district court here, in connection with its ruling on liability, mentioned factors that had equitable undercurrents, it appeared to reject outright the possibility that equitable considerations could permit it to deny in whole or in part Jim Beam's request for an injunction against B&C's use of the BEAMISH mark in the United States. Thus, in connection with the liability determination, the court stated that while it "regret[ted] prohibiting a party from marketing a product hereunder its well-established name abroad," it was "obligated" to adopt the Federal Circuit's finding of likelihood of confusion and to "accord plaintiff protection therefrom." District Court Opinion at 2-3 (emphasis added). If the issue of likelihood of confusion is eventually decided against B&C, the court should weigh the equities in order to determine the appropriateness and scope of any injunctive relief.

## III. CONCLUSION

For the above reasons, we vacate the judgment and remand to the district court for further proceedings not inconsistent with this opinion. Costs to appellant.

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

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| JIM BEAM BRANDS CO.,<br><br>Plaintiff,<br><br>v.<br><br>BEAMISH & CRAWFORD LTD.,<br><br>Defendant. | Civil Action No. 89-6892 (RO)<br><br>**ORDER AND JUDGMENT** |

The Court, having considered Plaintiff's motion for summary judgment and the affidavit of Mercer L. Stockell and the exhibits annexed thereto submitted in support thereof, Defendant's cross-motion for summary judgment, the affidavit of Thomas M. Gibson, Declaration of Myron J. Helfgott and the exhibits annexed thereto submitted in support thereof and in opposition to Plaintiff's motion, and the Declarations of Dr. Jacob Jacoby and Craig M. Smith and the exhibits annexed thereto submitted in opposition to Defendant's cross-motion and in further support of Plaintiff's motion for summary judgment; and the Court; having heard and considered the arguments of

counsel for both parties; and the Court; by the Honorable Richard Owen, having granted Plaintiff's motion in its entirety and denied in full Defendant's cross-motion by its written Opinion and Order dated October 15, 1990 setting forth the Court's findings of fact and conclusions of law, it is hereby

ORDERED, ADJUDGED and DECREED as follows:

1. Defendant Beamish & Crawford p.l.c. and its directors, officers, agents, servants, employees, attorneys, successors and assigns, and all persons in active concert or participation with them or any of them, are permanently enjoined and restrained from using, in the United States, its territories or possessions or in commerce which may be regulated by the United States government, in connection with alcoholic beverages including stout, the name "BEAMISH".

2. Defendant shall file with the Court and serve upon the Plaintiff within thirty (30) days after service upon Defendant of this order and Judgment, a report in writing, under oath, setting forth in detail the manner and form in which Defendant has complied with injunction.

Plaintiff shall recover its costs and disbursements to be taxed by the Clerk.

Dated: New York, New York
October 25, 1990

s/
United States District Judge

IN THE UNITED STATES DISTRICT COURT
FOR THE SO'JTHERN DISTRICT OF NEW YORK

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| JIM BEAM BRANDS CO.,<br><br>Plaintiff,<br><br>v.<br><br>BEAMISH & CRAWFORD LTD.,<br><br>Defendant. | Civil Action No. 89-6892 (RO)<br><br>**ORDER AND JUDGMENT** |

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Owen, District Judge:

This case involves a collision in these United States of a venerable United States "BEAM," with an equally venerable Irish "BEAMISH." In this trademark infringement action plaintiff Jim Beams Brands Co. seeks to permanently enjoin defendant, Beamish and Crawford Limited, from using the designation "BEAMISH" or any other designation containing the word "BEAM" in connection with defendant's stout or any other alcoholic beverages. Plaintiff produces and markets various alcoholic beverages -- but not stout -- bearing names incorporating the roots "BEAM" and "JIM BEAM". In 1950 defendant began marketing in the U.S. its stout, "BEAMISH," that it has sold abroad since 1792. Plaintiff now moves for summary judgment on the ground that, as a matter of law, under the doctrines of res judicata and collateral estoppel, defendant's use of the mark "BEAMISH" infringes upon plaintiff's trademarks incorporating the word "BEAM." Plaintiff relies on a 1989 ruling of the Court of Appeals for the Federal Circuit which granted plaintiff's petition to cancel defendant's trademark registration based on a finding that defendant's mark so resembled plaintiff's trademarks that it was "likely to cause confusion." Despite the cancellation of its registration, defendant has continued to

use the mark "BEAMISH" for its stout. Defendant cross moves for summary judgment and seeks to dismiss plaintiff's complaint on the ground that evidence discovered since the cancellation proceeding shows that plaintiff's trademark rights reside solely in "JIM BEAM", not the family of "BEAM" marks on which the Federal Circuit relied, and therefore no likelihood of confusion exists. While I regret prohibiting a party from marketing a product here under its well-established name abroad, I conclude that I am obligated by the doctrine of collateral estoppel to adopt the Federal Circuit's earlier finding of likelihood of confusion in this situation and accord plaintiff protection therefrom.

To prevail on its trademark infringement claim, plaintiff must demonstrate the likelihood of confusion between the parties' marks. Berlitz School of Languages of America v. Everest House, 619 F.2d 211, 215 (2d Cir. 1980). Because this issue has already been judicially determined, plaintiff argues that no genuine issue of material fact exists and it is entitled to summary judgment. Such relief is appropriate in trademark cases where the issue of likelihood of confusion has been determined in a prior action and no issue of material fact exists. Id. at 216.

I conclude that res judicata is inapplicable to this action, for while there is identity of the parties there is not identity of the causes of action. See, Montana v. United States, 440 U.S. 147, 153 (1979). Res judicata is applied to administrative adjudications in trademark cases where the issues raised and procedures available in the administrative proceeding were the same as those available in the district court and each party had a full and fair opportunity to litigate its case. Union Mfg. Co., Inc. v. Han Baek Trading Co. Ltd., 763 F.2d 42, 45 (2d Cir. 1985). However, the cause of action in a cancellation proceeding, in which a party's right to register a trademark is determined, is significantly different from that in an infringement action in which a party's right to use a trademark is determined. See, Flavor Corp. of America v. Kemin Industries, Inc., 493 F.2d 275, 279 (1974).

Although res judicata is inapplicable, collateral estoppel on the issue of likelihood of confusion does apply. The issues and parties are identical in the two actions, and the court rendering judgment in the earlier action is a court of competent jurisdiction. Montana, 440 U.S. at 153. Although the legal issue in the cancellation proceeding was the right to register a mark and the legal issue in the infringement action is the right to use a mark,

nevertheless the issue of whether the marks are likely to cause confusion has the same meaning in both proceedings and is central to both determinations. See, Plus Products v. Natural Organics, Inc., 223 U.S.P.Q. 27, 28 (E.D.N.Y. 1984); 15 U.S.C. § 1052(d); 15 U.S.C. § 1114(1)(a).

Accordingly, those courts which have directly addressed this issue have applied collateral estoppel to trademark infringement cases to preclude relitigation of the issue of likelihood of confusion. E.Z. Loader Boat Trailers, Inc. v. Cox Trailers, Inc., 568 F. Supp 1229, 1230-31 (N.D. Ill. 1983) aff'd 746 F.2d 375 (7th Cir. 1984); Flavor Corporation of America v. Kemin Industries, Inc., 358 F. Supp. 1114, 1119 (S.D. Iowa 1973), aff'd, 493 F.2d 275 (8th Cir. 1980); Libbey-Owens-Ford Glass Co. v. Shatterproof Glass Corp., 165 U.S.P.Q. 335, 336 (E.D. Mich. 1970). I accept the analysis in these cases and agree that collateral estoppel bars a litigant from rearguing the issue of likelihood of confusion in an infringement action when the same issue has been previously determined by the Federal Circuit in a cancellation proceeding.

However, defendant argues that even if collateral estoppel might apply in some cases, it should not be applied here because significant facts have changed since the time of the cancellation proceeding and thus the basis

for the prior finding of likelihood of confusion no longer exists. While collateral estoppel does not apply if facts or legal principles which controlled the prior determination have substantially changed, Montana 440 U.S. at 155-164, I conclude that no significant changes have occurred in the facts found by the Trademark Trial and Appeal Board and affirmed by the Circuit Court which would alter the prior determination.

Courts which have found changed circumstances and declined to apply collateral estoppel, have done so based on evidence of factual changes in the manufacturing or marketing environment between the time of the cancellation proceeding and the infringement action. For example, in Plus Products, 223 U.S.P.Q. at 28, the court found that on the facts before it, collateral estoppel was inappropriate because since the time of the cancellation proceeding, "the markets, consumers, volume of business and advertising of the parties have changed significantly." Here defendant does not offer evidence of any such changes.[1]

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[1] Indeed, the evidence shows that plaintiff's sales and advertising have remained strong and steady throughout this period while defendant's admission

(continued...)

Rather, defendant relies on the following three changes which it represents have occurred since the cancellation proceeding: the cancellation was predicated on a bundle or family of "BEAM" derivative marks, several of which have since expired; the cancellation proceeding measured the "BEAM" marks against the typewritten mark "BEAMISH" rather than the actual label used by defendant on its stout; and shortly after the cancellation proceeding plaintiff conducted a consumer survey which, according to defendant, demonstrated a strong public awareness of the name "JIM BEAM," but no strong association with the name "BEAM." Of these alleged changes, only the first raises a possible defense to the application of collateral estoppel in this matter.[2]

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[1](...continued)
in the cancellation proceeding that its sales of stout in the U.S. constitute "a quantum of sales so small as to barely escape a charge of abandonment," remains uncontradicted.

[2] The argument relating to comparison with the label rather than the typewritten mark does not allege a change in factual circumstances. Instead, defendant urges this court to consider evidence that existed but was not presented or was not relied upon in the prior proceeding. Such consideration is unnecessary as it
(continued...)

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[2](...continued)

would not alter the prior determination. Defendant claims that its label is less similar to plaintiff's mark than is its typewritten mark. However, the TTAB, comparing only the typewritten mark, found the marks to be dissimilar. In overturning the TTAB, the Federal Circuit did not reverse the TTAB's findings of fact but rather held that the trial board gave undue weight to its findings of the dissimilarity in the goods and in the marks. The Federal Circuit held that a proper weighing of the factors set forth in In re E.I. DuPont DeNemours & Co., 476 F.2d 1357 (CCPA 1973), including "the similarities in the goods, the similarities in the marks, the similarity of trade channels, the absence of third-party marks containing the word BEAM in use on any type of beverages, and the considerable fame Beam Distilling's trademarks have acquired," led to a finding of likelihood of confusion. Thus, even if comparison of defendant's label would indicate a greater dissimilarity in appearance of the parties' marks than did the typewritten registration name, this fact would be immaterial to the Federal Circuit's decision.

The allegation regarding the August 1986 consumer survey, likewise, is not a factual change in circumstances from the time of the cancellation proceeding to the time of this action. I give little weight to defendant's conclusion that the survey shows a lack of awareness of the name "BEAM." The August 1986 survey sampled the public at large

(continued...)

With regard to defendant's first argument, that at the time the record in the cancellation proceeding was closed plaintiff held several "BEAM" trademarks for which it no longer holds federal registrations or for which the registrations should be cancelled by reason of abandonment, I find the following. The evidence shows that plaintiff currently holds five registered trademarks incorporating the name "BEAM".[3] In addition, plaintiff uses eight unregistered trademarks incorporating the name "BEAM".[4] Five trademark registrations which were valid

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[2](...continued)

whereas a more recent survey commissioned by plaintiff this year demonstrates that among consumers of alcoholic beverages a high awareness of the mark "BEAM" exists. Thus defendant makes an insufficient showing of a change in circumstances with regard to public awareness of plaintiff's mark.

[3] Plaintiff's registered trademarks are: BEAMERO; JIM BEAM; BONDED BEAM; GENUINE BEAM WHISKEY; and BEAM'S CHOICE.

[4] These marks are: BEAM'S BLACK LABEL; BEAM'S 8-STAR BLEND; BEAM'S PIN BOTTLE; JIM BEAM & COLA; JIM BEAM & LEMON-LIME; JIM BEAM & GINGER ALE; BEAM'S BRANDY; and BEAM'S VODKA.

at the time of the TTAB proceeding have expired,[5] and plaintiff no longer uses one of its prior trademarks.[6] Defendant alleges, but plaintiff denies, that plaintiff's registration for an additional mark[7] is not valid and subsisting.

Defendant alleges that the expiration of the above listed trademarks constitutes a substantially changed circumstance which precludes collateral estoppel application of the Federal Circuit's decision which was predicated on a "vast family" of marks that plaintiff no longer holds. This argument fails on two grounds. First, despite the expiration of a few of plaintiff's trademarks, the validity of its remaining marks still overwhelmingly demonstrates plaintiff's rights in the name "BEAM." Second, the TTAB specifically found, and the Federal Circuit affirmed that "there is insufficient evidence to prove that use of these marks ... has been of such a nature as to establish in the public an awareness of a "BEAM" family of marks." Thus,

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5 BEAMEISTER; KENTUCKY BEAM; COLONEL JAMES B. BEAM; MOON BEAM; and BEAM'S PIN BOTTLE.

6 BEAMS 86.

7 BEAM'S TEN PIN.

the TTAB did not rely on a "family" of marks theory, but rather, it compared defendant's mark, "BEAMISH," with each of plaintiff's marks individually, particularly focusing on the marks "BEAM" and "JIM BEAM" which the TTAB found to be "more nearly similar" to defendant's mark than plaintiff's other marks. The Federal Circuit affirmed the TTAB'S findings of fact.[8] Thus, even accepting defendant's representation that certain of plaintiff's BEAM marks have expired or are longer in use, this fact does not constitute a significant change because the decision in the cancellation proceeding was not based on the concept of a "family" of marks, and plaintiff still holds those marks which were primarily compared, relied upon, and affirmed in the Federal Circuit's finding of likelihood of confusion.

Thus, I find that no significant change has occurred in facts that controlled the Federal Circuit's decision to cancel defendant's registration of the mark

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[8] The Federal Circuit, in reversing the TTAB, stated that it did not overturn the trial board's findings of fact, but rather held that the board attributed undue weight to two of its findings and thereby reached an erroneous legal determination of likelihood of confusion.

BEAMISH.[9] As a result, the Federal Circuit's finding of likelihood of confusion collaterally estops defendant from relitigating this issue. Because this issue is determinative on each of plaintiff's claims in this action, summary judgment is granted to plaintiff together with appropriate injunctive relief. Defendant's cross motion for summary judgment and its motion to dismiss are denied.

Submit order and judgment on notice.

Dated: October 15, 1990
New York, New York

s/
United States District Judge

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[9] Whether there would be a likelihood of confusion were defendant to use its full name, "Beamish & Crawford," as its mark rather than "Beamish" alone, is not before me.

Note: This opinion has not been prepared for publication in a printed volume because it does not add significantly to the body of law and is not of widespread legal interest. It is a public record. It is not citable as precedent. The decision will appear in tables published periodically.

## United States Court of Appeals for the Federal Circuit

88-1433

JAMES B. BEAM DISTILLING CO.,

Appellant,

v.

BEAMISH & CRAWFORD LIMITED,

Appellee.

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DECIDED: February 1, 1989

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Before MARKEY, Chief Judge, SMITH and BISSELL, Circuit Judges.

SMITH, Circuit Judge.

## DECISION

James B. Beam Distilling Co. (Beam Distilling) appeals the decision of the United States Patent and Trademark Office Trademark Trial and Appeal Board (board), cancellation No. 14,221, denying Beam Distilling's petition to cancel Beamish & Crawford Limited's (B&C) Supplemental Register registration, No. 1,247,430, of the mark BEAMISH for stout. The board's decision is reversed.

## OPINION

In denying Beam Distilling's petition to cancel, the board concluded that B&C's mark BEAMISH for stout is not likely to cause confusion with respect to Beam Distilling's previously used and registered marks BEAMEISTER for light Rhine wine; BEAMERO for tequila; and JIM BEAM, BONDED BEAM, GENUINE BEAM WHISKEY, MOON BEAM, BEAM'S 86, COLONEL JAMES B. BEAM, KENTUCKY BEAM, BEAM'S CHOICE, BEAM'S PIN-BOTTLE, and BEAM'S TEN-PIN for whiskey (collectively, Beam Distilling's trademarks). We disagree.

While the factual findings of the board are governed by the clearly erroneous standard, see Specialty Brands, Inc. v. Coffee Bean Distributors, Inc., 748 F.2d 669, 671, 223 USPQ 1281, 1282 (Fed. Cir. 1984), the issue of likelihood of confusion is a legal matter to be decided by this court. Kimberly-Clark Corp. v. H. Douglas Enterprises, Ltd., 774 F.2d 1144, 1146, 227 USPQ 541, 542 (Fed. Cir. 1985). In deciding the issue of likelihood of confusion, we consider the evidentiary factors set forth in In re E.I. DuPont DeNemours & Co., 476 F.2d 1357, 1361, 177 USPQ 563, 567 (CCPA 1973), which factors are relevant to this case. Kimberly-Clark, supra.

The board, in holding no likelihood of confusion, chose to give greater weight to 2 of the 13 DuPont factors, namely the dissimilarities in the goods and the dissimilarities in the marks. The board found that stout and whiskey are "distinctly different products." Also, the board found that B&C's mark BEAMISH and Beam Distilling's trademarks are "only somewhat similar in appearance, rather than identical." However, because of the similarities in the goods, the similarities in the marks, the similarity of trade channels, the absence of third-party marks containing the word BEAM in use on any type of beverages, and the considerable fame Beam Distilling's

trademarks have acquired, we disagree with the board's conclusion that there is no likelihood of confusion.

In the case before us, all of the goods involved, i.e., B&C's stout and Beam Distilling's whiskey, tequila, and light Rhine wine, are properly classified as alcoholic beverages. While it is true that there are some dissimilarities between the goods, we do not agree with the board that stout and whiskey are distinctly different products. See, e.g., Fleischmann Distilling Corp. v. Maier Brewing Co., 314 F.2d 149, 159-60, 136 USPQ 508, 518 (9th Cir.), cert. denied, 374 U.S. 830 (1963) (finding that beer and Scotch whiskey, which are both alcoholic beverages, are "so related as to fall within the mischief which equity should prevent"). However, we do not deem this finding by the board clearly erroneous. Instead, we conclude that the board, in reaching the conclusion that confusion is not likely, attributed improper weight to this finding in its balance of DuPont factors.

Another factor to consider under DuPont is the similarity of the marks in their entireties as to appearance, sound, connotation, and commercial impression. Furthermore, although the marks must be regarded in their entireties, it is proper to give greater force and effect to a mark's dominant feature. See Burger Chef

Systems, Inc. v. Sandwich Chef, Inc., 608 F.2d 875, 878, 203 USPQ 733, 734-35 (CCPA 1979); Giant Food, Inc. v. Nation's Foodservice Inc., 710 F.2d 1565, 1570, 218 USPQ 390, 395 (Fed. Cir. 1983). In this case, it cannot be disputed that the word BEAM is the dominant feature in B&C's mark BEAMISH and in all of Beam Distilling's trademarks. While we agree with the board that the marks are not identical, we disagree with the board's characterization of the marks as "only somewhat similar in appearance." Again, we conclude that the board assigned undue weight to this finding in its balance of DuPont factors.

The remaining factors which are pertinent to this case plainly favor Beam Distilling. As recognized by the board, the channels of trade through which both B&C and Beam Distilling market their respective products are very similar. Second, there is no evidence in the record that marks containing the word BEAM are used by third parties on alcoholic beverages or similar goods. Third, Beam Distilling's trademarks have acquired considerable fame by reason of extensive advertising, promotion, and use.

We conclude that the board, in its balance of DuPont factors, afford undue weight to the dissimilarities in

the goods and in the marks. After considering all the DuPont factors, we hold that B&C's mark BEAMISH so resembles Beam Distilling's trademarks that it is likely to cause confusion. Accordingly, Beam Distilling's petition to cancel B&C's registration for the mark BEAMISH was improperly denied.

Hearing:
June 18, 1987

U.S. DEPARTMENT OF COMMERCE
PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

**James B. Beam Distilling Co.**
**v.**
**Beamish & Crawford Limited**

---

Cancellation No. 14,221

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Mercer L. Stockell and Pennie and Edmonds for James B. Beam Distilling Co.

Cushman, Darby & Cushman for Beamish & Crawford Limited.

Before Sams, Rooney and Simms, Members.

Opinion by Sams, Member:

James B. Beam Distilling Co. (petitioner) has filed a petition to cancel a Supplemental Register registration, owned by Beamish & Crawford Limited (respondent), of the mark "BEAMISH" for "stout."[1] As grounds for the petition to cancel, petitioner asserts that use of respondent's mark "BEAMISH" on "stout," is likely to cause confusion as to source, because of the close resemblance of respondent's mark to both "James B. Beam," petitioner's previously-used trade name, and petitioner's previously-used and/or registered trademarks--namely, the trademark "BEAM", standing alone, and other trademarks incorporating "BEAM." Section 2(d) of the Trademark Act. Petitioner pleaded prior use of its trade name and prior use and registration of its trademarks in conjunction with whiskey and related alcoholic beverages.

In its answer to the petition for cancellation, respondent admitted that petitioner has, for many years, used the trade name "James B. Beam" and has sold a well-known bourbon whiskey under the trademark "JIM BEAM"; the salient allegations of the petition for cancellation were otherwise denied.

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[1] Registration No. 1,247,430, issued August 2, 1983.

The record consists of the file of respondent's registration, respondent's answers to certain of petitioner's interrogatories posed during the discovery period, excerpts from certain printed publications, offered in evidence by notice of reliance under Trademark Rule 2.122(e), status and title copies of petitioner's pleaded registrations, a statement of fact stipulated to by the parties, and a testimony deposition (with exhibits) offered on behalf of petitioner.

Petitioner's witness, Gilbert Lane Barnett, petitioner's Vice President and Director of Marketing and Advertising, testified that petitioner is in the alcoholic beverages business. In particular, petitioner operates, on a worldwide scale, as a producer, distiller and marketer of distilled spirit products. He testified that petitioner has imported and sold in the United States wine and liqueurs. Petitioner owns a company that produces and markets non-alcoholic cocktail mixes. Petitioner also serves as an importer and sales agent for a sparkling water product from Sweden.

Petitioner made of record, by means of notice of reliance, status and title copies of the registrations of which it claimed ownership in the petition to cancel. These documents show that petitioner owns registrations of the

following marks for whiskey: "BONDED BEAM" (plus other wording and design),[2] "GENUINE BEAM WHISKEY" (plus other wording and label design),[3] BEAM'S 86" (and design),[4] "JIM BEAM" (stylized lettering),[5] "BONDED BEAM" (stylized lettering),[6] "MOON BEAM",[7] "COLONEL JAMES B. BEAM"

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[2] Registration No. 371,872, issued October 10, 1939 (affidavits under Section 8 & 15 received; twice renewed).

[3] Registration No. 372,481, issued October 31, 1939 (affidavits under Sections 8 & 15 received; twice renewed).

[4] Registration No. 542,104, issued May 8, 1951 (affidavits under Sections 8 & 15 received; renewed).

[5] Registration No. 544,365, issued June 26, 1951 (affidavits under Sections 8 & 15 received; renewed).

[6] Registration No. 563,109, issued August 19, 1952 (combined affidavits under Sections 8 & 15 filed, renewed).

[7] Registration No. 811,452, issued July 19, 1966 (combined affidavits under Section 8 & 15 filed).

(stylized lettering),[8] "KENTUCKY BEAM,"[9] "BEAM'S CHOICE" (stylized lettering),[10] "BEAM'S PIN-BOTTLE" (stylized lettering),[11] and "BEAM'S TEN-PIN" (stylized lettering).[12] Petitioner also owns registrations for "BEAMEISTER" for "light Rhine wine"[13] and "BEAMERO" for "tequila".[14]

Petitioner's primary trademark is "JIM BEAM", which trademark is applied to petitioner's bourbon

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8 Registration No. 830,727, issued June 20, 1967 (combined affidavits under Sections 8 & 15 filed).

9 Registration No. 847,434, issued April 9, 1968 (Section 8 affidavit accepted).

10 Registration No. 872,716, issued July 8, 1969 (combined affidavits under Sections 8 & 15 received).

11 Registration No. 872,717, issued July 8, 1969 (combined affidavits under Sections 8 & 15 received).

12 Registration No. 1,183,183, issued December 22, 1981.

13 Registration No. 875,753, issued August 26, 1969 (combined affidavits under Sections 8 & 15 received).

14 Registration No. 1,338,284, issued May 28, 1985.

whiskey. Petitioner also makes a "JIM BEAM" rye whiskey and "JIM BEAM '8-STAR'" whiskey. Its line of products (sold under various trademarks) also includes a tequila, a vodka, a brandy, a line of imported liqueurs, cordials, and schnapps, as well as a low-alcohol (5 percent alcohol by volume) product combining "JIM BEAM" whiskey with non-alcoholic liquids such as cola, lemon, lime, ginger ale, etc. The witness testified that about 90 percent of all the products carried by petitioner bear a "BEAM" trademark or a derivative of the "James B. Beam Distilling Co." trade name.

In conjunction with Mr. Barnett's testimony, petitioner offered exhibits showing current labels for products produced and/or sold in the United States by petitioner. All these labels show a "BEAM" trademark and/or petitioner's trade name. The witness testified that he knew of no mark containing the letters "BEAM" applied to beverages except for petitioner's marks and respondent's trademark "BEAMISH."

In connection with Mr. Barnett's testimony, petitioner introduced evidence, derived from records kept in the ordinary course of its business, as to the amount of sales under its "BEAM" marks and as to advertising expenditures. In particular, the evidence introduced showed

that, in the period 1972-1980, more than 2,000,000 cases of "JIM BEAM" bourbon were shipped within the United States and, in the period 1981-1984, more than 3,000,000 cases were shipped. Petitioner's worldwide sales (for all products) 1980-1985 were well in excess of one billion dollars. Its U.S. sales of "BEAMEISTER" wine in the United States for 1983-1984 amounted to more than $164,000 and its sales for "BEAMERO" tequila in the United States for the period 1980-1985 amounted to more than $7,000,000. Its expenditures for advertising and promotion in the United States from 1980-1984 for all of its products amounted to more than $44,000,000.

Mr. Barnett testified that the channels of trade for petitioner's alcoholic beverages include licensed retail liquor stores (either state-run or privately-owned stores), bars and restaurants, the latter two of which would also sell beer and, possibly, stout. Its products are directed to legal-age drinkers worldwide. Based on evidence allegedly taken from "Pat Kennedy's Executive Newsletter," an industry publication, the witness testified that "JIM BEAM" bourbon is the largest selling bourbon in the world and the fourth largest selling distilled spirit of any sort.

Mr. Barnett testified that petitioner has advertised its "JIM BEAM" whiskey by means of

newspapers, general circulation magazines, billboards, trade magazines, point-of-sale displays, and public relation releases. A number of exhibits illustrating these various forms of advertising were offered in evidence. Petitioner also made of record, by way of notice of reliance, excerpts from a number of printed publications, the earliest of which was published in 1938 and the most recent of which was published in 1986. The earliest of the printed publications were articles from a newspaper, "The Kentucky Standard," from Bardstown, Kentucky. These newspaper excerpts show reference to the "James B. Beam" plant and the "James B. Beam Distilling Co." Other excerpts from issues of "The Kentucky Standard", from 1939, 1949, and 1950, show advertisements for whiskey sold under the "BEAM'S OLD TUB", "COLONEL JAMES B. BEAM" and "BEAM" marks. Petitioner also made of record magazine advertisements taken from issues of "The Sporting News," "Esquire," "Gourmet," "Inside Sports," "Playboy," "People," "Newsweek," "Sports Illustrated," and "Rolling Stones," all bearing dates from November 1985 to January 1986. This evidence was offered to show advertisements, in a single issue of a particular publication, of not only petitioner's bourbon whiskey but other alcoholic beverages as well. For example, excerpts from the November 1985

"Esquire" magazine show advertisements for beer, vodka, blended Scotch whisky, champagne, rum, Cognac brandy, sherry, gin, California brandy, bourbon whiskey, single malt Scotch whisky, and a number of liqueurs and alcoholic beverages containing liqueurs.

Mr. Barnett testified that petitioner has never produced or distributed a beer or stout product but that it has considered distributing such a product and, in fact, met in 1984 with West German beer producers to explore such a possibility. On cross-examination Mr. Barnett testified that he did not know of any distilled spirit producer that sells beer under the same mark as it sells spirits, although the witness did point to at least one company that sells both products, albeit under different trademarks.

In answer to interrogatories posed by petitioner during the discovery period, respondent stated that it began selling its goods to importers located in the United States in June 1950 and that, prior to 1950), sales were made to independent importers outside the United States, who would sell to various distributors in the United States. Respondent's stout is now imported exclusively by Century Importers, Inc., which sells the product to wholesalers, who, in turn, sell to retailers. Respondent has never advertised its product in the United States, although

respondent has been advised by its exclusive U.S. importer that the importer has advertised "BEAMISH" stout in beer trade journals and has prepared and distributed point-of-sale material to retailers. As to respondent's use of the "BEAMISH" mark in the United States, the parties entered into a stipulation to the effect that "...registrant's total sales in the United States of its products bearing the designation "BEAMISH" for the period commencing January 1, 1978 have been a quantum of sales so small as to barely escape a charge of abandonment."

The evidence submitted by petitioner, along with admissions made by respondent in its answer to the petition to cancel, establish a number of facts. Petitioner has demonstrated, by proper evidence, priority of use as to all of the marks pleaded in its petition to cancel. In particular, the record is clear that petitioner used its trade name "JAMES B. BEAM" and its "BEAM" and "JIM BEAM" trademarks in the United States long prior to any use, in the United States, of the "BEAMISH" trademark by respondent.

Although petitioner has placed in the record evidence of use of marks other than "BEAM" and "JIM BEAM" and has referred to these marks, collectively, as the "BEAM" marks, there is insufficient evidence to prove that

use of these marks (including, "BEAM", "JIM BEAM", "BEAMERO", and "BEAMEISTER") has been of such a nature as to establish in the public an awareness of a "BEAM" family of marks, so that petitioner could reasonably argue that the "BEAMISH" mark would be perceived to be another member of the "BEAM" family. In the absence of the establishment of a family of "BEAM" marks, we have determined likelihood of confusion by comparing petitioner's trade name and each of petitioner's pleaded marks for whiskey (or other alcoholic beverages) against respondent's mark "BEAMISH" for stout. Of the pleaded marks, "BEAM" and "JIM BEAM" are those which we find to be more nearly similar to respondent's mark "BEAMISH" than the other marks pleaded by petitioner in its petition to cancel.

The bourbon whiskey marketed under the trademarks "BEAM" and "JIM BEAM" has garnered substantial sales over the course of many years and, through extensive promotion and advertising, those two marks have become well-known, even famous, trademarks for whiskey. Moreover, petitioner's whiskey and respondent's stout are sold in some of the same retail channels, would likely be advertised in the same printed publications, and could be purchased by the same customers.

On the other hand, whiskey and stout are distinctly different products and, according to this record, not sold under the same trademarks. While there is, admittedly, a relationship between these products, in that both may be properly described as "alcoholic beverages," there is no rule that, when the same or similar marks are applied to any and all alcoholic beverages, confusion must be deemed likely. There are, indeed, cases in which no likelihood of confusion has been found in the application of the same or similar marks to nonidentical alcoholic beverages. See Arrow Distilleries, Inc. v. Globe Brewing Co., 117 F.2d 347, 48 USPO 157 (4th Cir. 1948) ["ARROW" for cordials not infringed by "ARROW" for beer]; In re National Distillers & Chemical Corp., 297 F.2d 941, 132 USPQ 271 (CCPA 1962) ["MERITO" for rum and "MARQUES DEL MERITO" for wines held not confusingly similar] Peyrat v. L.N. Renault & Sons, Inc., 247 F. Supp. 1009, 148 USPQ 77 (S.D.N.Y. 1965) [contemporaneous use of "RENAULT" on wines and brandy not likely to cause confusion]. We are, of course, aware of the holding in Fleischmann Distilling Corp. v. Maier Brewing Co., 136 USPQ 508 (9th Cir. 1963), cert. den., 137 USPQ 913 (Sup. Ct. 1963). There, the U.S. Court of Appeals held that the District Court had erred in finding

confusion as to source unlikely in the application of the identical mark "BLACK & WHITE" on beer and Scotch whisky and that the District Court had erred, in particular, in finding that confusion could not occur for the reason that Scotch whisky and wine were unrelated products. The holding of the U.S. Court of Appeals in that case must be read in light of the facts of the case: the identical mark "BLACK & WHITE" was applied to both Scotch whisky and beer; "BLACK & WHITE" was a famous mark for Scotch whisky; and evidence of record established that the defendant had deliberately adopted the mark "BLACK & WHITE" for beer with the intention of trading on the popularity of plaintiff's "BLACK & WHITE" whisky. The present case reveals a somewhat different record from that which led the U.S. Court of Appeals in Fleischmann to find in favor of the plaintiff asserting likelihood of confusion.

The fame of the "BEAM" and "JIM BEAM" marks must, of course, be considered in our determination of the likelihood of confusion in this case. See Specialty Brands, Inc. v. Coffee Bean Distributors Inc., 784 F.2d 669, 223 USPQ 1281, 1284 (Fed. Cir. 1984). The fame of petitioner's "BEAM" and "JIM BEAM" marks would carry more weight in this case if the mark applied to respondent's stout were the identical mark that has become famous in

connection with bourbon whiskey, namely, "BEAM". Instead, respondent's mark is "BEAMISH," a mark which, although it contains the four letters which compose petitioner's famous mark, is, nonetheless, easily distinguishable from petitioner's mark in appearance and pronunciation. Petitioner argued at the oral hearing in this case that the "-ISH" portion of respondent's mark means "of or belonging to" (Webster's Third New International Dictionary, unabridged) and, thus, that respondent's mark "BEAMISH" would suggest to purchasers that the stout bearing that mark was a product "of or belonging to" BEAM. We find no evidence of record tending to show that purchasers would have such a reaction upon seeing respondent's mark "BEAMISH". Although respondent offered no evidence to prove that purchasers would view "BEAMISH" as a surname, the record (i.e., the registration file of respondent's "BEAMISH" registration) does disclose that the "BEAMISH" registration issued on the Supplemental Register on account of the surname significance of respondent's mark.

In sum, the fame of petitioner's "JIM BEAM" and "BEAM" marks weighs in favor of a finding of likelihood of confusion; nonetheless, the facts to which we choose to give greater weight in the balance of factors

affecting likelihood of confusion are the absence in the record of evidence that consumers would be likely to believe that stout, on the one hand, and whiskey, tequila and/or wine,[15] on the other hand, are likely to emanate from the same commercial source, even though all these goods fall into the broad category of "alcoholic beverages" and the fact that the parties' marks are only somewhat similar in appearance, rather than identical.

In reaching the conclusion that confusion is not likely, we have not relied on the absence of evidence of actual confusion, in view of the stipulation of record that respondent's sales of products under the "BEAMISH" trademark have been insubstantial since 1978. Because of those insubstantial sales, there has been little opportunity for

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[15] Implicit in our conclusion that there is no likelihood of confusion in the contemporaneous use of "BEAM" and "JIM BEAM" and "BEAMISH" is the conclusion that confusion is, likewise, not likely in the contemporaneous use of "BEAMISH" and the remainder of petitioner's pleaded marks, including "BEAMEISTER" for wine and "BEAMERO" for tequila, because we find those other pleaded marks less similar to "BEAMISH" in commercial impression than are petitioner's principal marks "BEAM" and "JIM BEAM" and because the goods to which those other pleaded marks are applied are no more related to stout than is whiskey.

actual confusion to arise (assuming, arguendo, it were likely).

Decision: The petition to cancel is denied.

s/
J.D. Sams

s/
L.E. Rooney

s/
R.L. Simms
Members, Trademark
Trial and Appeal Board

(2)

No. 91-968

Supreme Court, U.S.
FILED
JAN 8 1992
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IN THE

# Supreme Court of the United States

**October Term, 1991**

JIM BEAM BRANDS CO.

*Petitioner,*

*vs.*

BEAMISH & CRAWFORD, LTD.,

*Respondent.*

**On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Second Circuit**

## BRIEF IN OPPOSITION TO THE PETITION FOR A WRIT OF CERTIORARI

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January 10, 1992

## STATEMENT OF INTERESTS

Pursuant to Supreme Court Rule 29.1, respondent Beamish & Crawford p.l.c. identifies its parent companies and subsidiaries (except wholly owned subsidiaries) as follows:

Carling O'Keefe Breweries of Canada Limited is the parent company of Beamish & Crawford p.l.c. Carling O'Keefe Breweries is a wholly owned subsidiary of Elders IXL Limited, incorporated in South Australia.

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No. 91-968

IN THE

# Supreme Court of the United States

October Term, 1991

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Jim Beam Brands Co.,

*Petitioner,*

v.

Beamish & Crawford, Ltd.,

*Respondent.*

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## BRIEF IN OPPOSITION TO THE PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

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Respondent hereby requests that this Court deny issuance of a writ of certiorari to review a decision of the United States Court of Appeals for the Second Circuit entered June 19, 1991 and an order denying rehearing entered September 12, 1991.

## I. Opinions Below

Respondent accepts and adopts the Petitioner's recitation of the Opinions Below presented in the Petition for a Writ of Certiorari to the United States Court of Appeals for the Second Circuit, except as disputed herein.

## II. JURISDICTION

Respondent accepts and adopts the Petitioner's recitation of the Jurisdiction presented in the Petition for a Writ of Certiorari to the United States Court of Appeals for the Second Circuit.

## III. STATUTES INVOLVED

Respondent accepts and adopts the Petitioner's recitation of the statutes presented in the Petition for a Writ of Certiorari to the United States Court of Appeals for the Second Circuit.

## IV. STATEMENT OF THE CASE

This case involves a question of trademark infringement.

The Petitioner, Jim Beam Brands, alleges that the Respondent's trademark BEAMISH for stout infringes the various JIM BEAM and BEAM trademarks for distilled spirits, mainly bourbon and whiskey.

The procedural history of this case originated with the Patent and Trademark Office granting registration on the Supplemental Register of the Respondent's trademark BEAMISH for stout. The registration was granted on the Supplemental Register

because the trademark BEAMISH was deemed by the Examiner to be primarily a surname.

Petitioner, Jim Beam Brands, went before the Trademark Trial and Appeal Board seeking cancellation of Respondent's trademark registration based on a likelihood of confusion with Petitioner's registered BEAM trademarks for distilled spirits. The Trademark Trial and Appeal Board denied Petitioner's cancellation petition. *James B. Beam Distilling Co. v. Beamish & Crawford Ltd.*, Cancellation No. 14221 (T.T.A.B. 1988), *rev'd*, 10 U.S.P.Q. 1317 (Fed. Cir. 1989), [Petitioner's Appendix, pp. 52a-67a].

The Petitioner appealed the decision of the Trademark Trial and Appeal Board and was successful in having the Respondent's registration of the mark BEAMISH cancelled due to a likelihood of confusion with the registered BEAM marks. *James B. Beam Distilling Co. v. Beamish & Crawford Ltd.*, 10 U.S.P.Q. 2d 1317 (Fed. Cir. 1989), [Petitioner's Appendix, pp. 46a-51a].

The Petitioner then sought to use the cancellation of the BEAMISH registration to prohibit the Responden' from using the mark BEAMISH for stout in the United States.

The Petitioner filed a trademark infringement suit in the Southern District of New York and subsequently moved for summary judgment based on collateral estoppel and res judicata.

The Southern District of New York mistakenly applied the doctrine of collateral estoppel in the infringement action and summarily enjoined Beamish & Crawford from further use in the United States of the trademark BEAMISH on stout. *Jim Beam Brands Co. v. Beamish & Crawford Ltd.*, 18 U.S.P.Q. 2d 1486 (S.D.N.Y. 1990), *vacated*, 937 F.2d 729 (2d Cir. 1991),

*petition for cert. filed*, No. 91-968 (Dec. 11, 1991), [Petitioner's Appendix, pp. 34a-45a].

Beamish & Crawford appealed the adverse infringement decision. The Second Circuit, after reviewing and accepting all the relevant facts, vacated and remanded the District Court's decision on the ground that collateral estoppel should not be applied in the present situation. The Second Circuit ruled that collateral estoppel was not applicable in this situation because the presentation of the BEAMISH trademark as actually used in commerce was not the form of the mark that was at issue during the cancellation proceeding. The Second Circuit also held that even if Beamish & Crawford is found to infringe Jim Beam's trademarks, the equities must be balanced before granting an injunction. *Jim Beam Brands Co. v. Beamish & Crawford Ltd.*, 937 F.2d 729 (2d Cir. 1991), *petition for cert. filed*, No. 91-968 (Dec. 11, 1991), [Petitioner's Appendix, pp. 5a-30a].

Petitioner is currently seeking review of this Second Circuit decision.

## V. SUMMARY OF THE ARGUMENT

The Second Circuit decision is not in conflict with any other decision; nor does it fail to give finality to the decision of the Federal Circuit or any other Court or competent adjudicative body. The Second Circuit in its detailed opinion explained that the instant fact situation is different from other prior decisions and collateral estoppel did not apply under the facts of the present situation.

No procedural rules of Summary Judgment were violated by the Second Circuit decision because the evidence submitted to

oppose the Summary Judgment Motion by way of attorney's affidavit were documents and admissions.

Furthermore, the Second Circuit decision was correct in holding that if likelihood of confusion is eventually found, the District Court must balance the equities before issuing an injunction.

Therefore, the Second Circuit decision in the present case is correct and does not violate any established legal precedent. The Petition for a Writ of Certiorari to the United States Court of Appeals for the Second Circuit should be denied.

## VI. ARGUMENT

### A. The Decision of the Second Circuit Is Not in Conflict With Any Other Decision.

The Petitioner is incorrect in its recitation that the decision of the Second Circuit in *Jim Beam Brands Co. v. Beamish & Crawford Ltd.*, 937 F.2d 729, [Petitioner's Appendix, pp. 5a-30a], is in conflict with the decision of two other Circuits and with the principles of collateral estoppel as established in *Montana v. United States*, 440 U.S. 147 (1979).

#### i. There is No Conflict Between the Second Circuit Decision and Decisions From Other Circuits.

The holding of the Second Circuit in *Jim Beam Brands Co. v. Beamish & Crawford Ltd.*, 937 F.2d 729, is that the District Court erred in barring Beamish & Crawford under the principles of collateral estoppel from litigating whether or not there is a likelihood of confusion between BEAMISH and the BEAM trademarks because the prior cancellation proceeding

measured the typewritten mark BEAMISH appearing in the Federal Registration against the BEAM trademarks rather than the form of the BEAMISH mark as used in commerce. The Second Circuit was very clear in stating that collateral estoppel would apply if there had been identity of the issues. The Second Circuit recognized the factual differences between this case and the Seventh and Eighth Circuit cases where collateral estoppel was applied to the likelihood of confusion issue in an infringement suit based on a Registration proceeding finding. The Second Circuit stated:

> The other two, *EZ Loader Boat Trailers, Inc. v. Cox Trailers, Inc.*, 746 F.2d 375, 377-79 (7th Cir. 1984) and *Flavor Corp. of America v. Kemin Industries, Inc.*, 358 F.Supp. 1114, 1117-21 (S.D. Iowa, 1973), *aff'd*, 493 F.2d 275 (8th Cir. 1974) are distinguishable since those courts ruled that collateral estoppel applied because the TTAB had in fact examined the marks not only in the abstract but also in light of, *inter alia*, the manner in which they were affixed to the products in question and their appearance in sales and advertising materials.

*Jim Beam Brands Co. v. Beamish & Crawford Ltd.*, 937 F.2d at 735, [Petitioner's Appendix, p. 23a].

This holding is perfectly consistent with the holding in *EZ Loader Boat Trailers, Inc. v. Cox Trailers, Inc.*, 746 F.2d 375 (7th Cir. 1984), wherein the court stated:

> *We do not here hold that a final decision of the Court of Appeals for the Federal Circuit affirming a decision of the T.T.A.B. always works an estoppel in subsequent trademark infringement and unfair competition actions.* The facts and proceedings underlying the court's decision must, of course, be scrutinized to determine that the issue upon which preclusion is sought was before the

> court, and that the previous proceedings afforded a fair opportunity to present the issue. However, *on the facts of this case,* we believe that the district court properly accorded collateral effect to the court of appeals' decision, and correctly determined that EZ could not thereafter prevail on any of the causes of action alleged in the complaint. Thus, we agree with the district court that summary judgment was appropriate.

*Id.* at p. 381. (emphasis added)

Thus, any reading of *EZ Loader*, 746 F.2d 375 and *Flavor Corp. of America v. Kemin Industries, Inc.*, 358 F.Supp. 1114 (S.D. Iowa, 1973), *aff'd*, 493 F.2d 275 (8th Cir. 1974), makes it clear that the trier of fact did evaluate and equally weigh the identical evidence in both the Patent and Trademark Office registration proceeding and in the District Court infringement proceeding, whereas the Second Circuit in the instant suit makes it clear that identity of issues is not present in this situation.

Petitioner is merely asking the Supreme Court of the United States to review a case that turned on the facts. Specifically, the Petitioner is asking the Supreme Court to review the facts of the present situation and decide that they were improperly determined. The impropriety of this request is reinforced by the fact that the District Court found and the Second Circuit adopted the finding that "the TTAB compared only the typewritten marks." *Jim Beam Brands Co. v. Beamish & Crawford Ltd.*, 18 U.S.P.Q. 2d at 1488 n.2, [Petitioner's Appendix, pp. 40a-41a n.2].

### ii. There Is No Conflict With the Principles of Collateral Estoppel as Established in *Montana v. United States*, 440 U.S. 147 (1979).

The fundamental concept of collateral estoppel as stated in *Montana v. United States*, 440 U.S. 147 (1979) "is that a 'right, question or fact distinctly put in issue and directly determined by a court of competent jurisdiction... cannot be disputed in a subsequent suit between the same parties or their privies...' *Southern Pacific R. Co. v. United States*, 168 U.S. 1, 48-49, 18 S. Ct. 18, 27, 42 L.Ed. 355 (1897)." *Montana v. United States*, 440 U.S. at p. 153.

To correctly apply the doctrine, three inquiries are required, which are: 1) whether the issues presented are in substance the same as those resolved previously, 2) whether the controlling facts or legal principles have changed significantly, and 3) whether other special circumstances warrant an exception to the normal rules of preclusion. *Id.* at p. 155.

The Petitioner places great emphasis on the "inquiries" and specifically the language "in substance the same". The Petitioner incorrectly contends that the Second Circuit misapplied the "in substance the same" requirement when it held that collateral estoppel did not apply to the fact situation before it.

The Second Circuit concluded that the likelihood of confusion issue in the infringement proceeding was different from the likelihood of confusion issue in the registration proceeding and the infringement issue had not been determined in the registration proceeding.

More specifically, the Second Circuit stated:

> Collateral estoppel, or issue preclusion, prevents the relitigation of an issue that was raised, litigated, and actually decided by a judgment in a prior proceeding. *Lawlor v. National Screen Service Corp.*, 349 U.S. 322, 326, 75 S.Ct. 865, 867, 99 L. Ed. 1122 (1955); *Commissioner v. Sunnen*, 333 U.S. 591, 598, 68 S.Ct. 715, 719, 92 L.Ed. 898 (1948); *Balderman v. United States Veterans Administration*, 870 F.2d 57, 62 (2d Cir. 1989); *Tucker v. Arthur Andersen & Co.*, 646 F.2d 721, 728 (2d Cir. 1981); *Restatement (Second) of Judgments* §27 (1982). Issues that may bear the same label are nonetheless not identical if the standards governing them are significantly different. *See, e.g., Cullen v. Margiotta*, 811 F.2d 698, 732 (2d Cir.) *cert. denied*, 483 U.S. 1021, 107 S.Ct. 3266, 97 L.Ed. 2d 764 (1987). If an issue was not actually decided in a prior proceeding, or if its decision was not necessary to the judgment, its litigation in a subsequent proceeding is not barred by collateral estoppel. *See e.g., Brown v. Felsen*, 442 U.S. 127, 139 n. 10, 99 S.Ct. 2205, 2213 n.10, 60 L.Ed. 2d 767 (1979); *Balderman v. United States Veterans Administration*, 870 F.2d at 62. These principles make collateral estoppel inapplicable here.

*Jim Beam Brands Co. v. Beamish & Crawford, Ltd.*, 937 F.2d at 734, [Petitioner's Appendix, p. 18a].

## B. The Decision of the Second Circuit Does Not Fail to Give Finality to the Federal Circuit's Decision.

The Second Circuit did not fail to give the Federal Circuit's finding of likelihood of confusion in the present situation final effect. As pointed out above, the Second Circuit analyzed the

record of the registration proceeding on which the Federal Circuit's decision is based and agreed with the District Court Opinion that the registration proceeding failed to measure the appearance of the BEAMISH mark as used in commerce against the BEAM registrations. This lack of actual litigation of an issue necessary to the infringement cause of action compelled the Second Circuit to overturn the application of collateral estoppel and require Jim Beam to prove that there is a likelihood of confusion between the BEAM marks for bourbon and whiskey and BEAMISH for stout as actually used in commerce.

Petitioner's point made throughout its Petition for a Writ of Certiorari that the Second Circuit failed to accord finality to the decision of the Federal Circuit is untenable. The Federal Circuit's decisions are final as to that which is decided; i.e., that a registration may or may not be granted in a particular case. The Second Circuit has simply said that collateral estoppel on the issue of likelihood of confusion does not apply unless it is the same issue that had been actually decided in the prior registration proceeding. The Second Circuit has not made any "broad new rule of law that decisions of the Federal Circuit on the issue of likelihood of confusion simply are not final and binding". Jim Beams' Petition for A Writ of Certiorari, p. 28.

Petitioner's point urged at pages 23-24 of its Petition for a Writ of Certiorari that the Second Circuit's leading authority, 2 J. McCarthy, *Trademarks and Unfair Competition*, §32:31 (2d ed. 1984), recommends only that collateral estoppel be applied with a "scalpel, not a sledge hammer", *id.* §32:31 at 738, is exactly what the Second Circuit did. The Second Circuit's decision can not in any way be interpreted as a mandate refusing finality to the Federal Circuit findings as a matter of law.

Petitioner's reliance on *Brenner v. Manson*, 383 U.S. 519 (1966) is inapposite. This Court, in recognizing that the Court of Customs and Patent Appeals (the predecessor of the Federal Circuit) was an Article III Court, went out of its way to observe that the decisions of the Court (C.C.P.A.) would not necessarily be res judicata for subsequent proceedings between the same parties. *Id.* at. p. 526 n. 11.

### C. No Procedural Rules of Summary Judgment Are Violated by the Second Circuit Decision.

The Petitioner's quarrel with the propriety of a reversal of a summary judgment motion on the basis of *Celotex Corp. v. Catrett*, 477 U.S. 317 (1986) and *Anderson v. Liberty Lobby Inc.*, 477 U.S. 242 (1986) ignores the Federal Rules of Evidence applicable to the District Court proceedings.

Petitioner, in moving for summary judgment, submitted its evidence through an attorney's affidavit. Respondent similarly submitted evidence by way of attorney's affidavit to which no objection was made. The evidence that Respondent submitted was documentary evidence of the type which is acceptable for the truth contained therein. Specifically, the documentary evidence was the type meeting the Federal Rules of Evidence, Rule 810(d)(2) [admission by a party-opponent], Rule 803(8) [pubic records] and Rule 803(16) [statements in ancient documents].

Thus, a perfectly proper record was presented to the Second Circuit and reliance was not made on anything beyond the record.

### D. The Equities Must Be Considered Before An Injunction Can Be Granted.

Petitioner's fourth question presented on page ii of its Petition for a Writ of Certiorari is backwards. The Second Circuit in its decision was alert to the requirement as stated by this Court in *Weinberger v. Romero-Barcelo*, 456 U.S. 305 (1982) that before granting an injunction, the equities are to be considered. The Second Circuit not only reversed the collateral estoppel holding, but instructed the District Court that if likelihood of confusion is eventually found on any basis, the equities must be balanced before an injunction can be granted. *Jim Beam Brands Co. v. Beamish & Crawford, Ltd.*, 937 F.2d at 737, [Petitioner's Appendix, p. 29a].

### E. The Federal Circuit has not Been Recognized as Having Expertise in Trademark Infringement Matters

Petitioner's point at page 17 of the Petition for a Writ of Certiorari that Congress in creating the Federal Circuit in some way implied expertise in trademark matters to the Federal Circuit is inconsistent and illogical. By virtue of the fact that the Federal Circuit has been granted exclusive appellate jurisdiction in patent cases indicates a recognized expertise in patent matter whereas the denial of exclusive jurisdiction in trademark cases indicates the absence of expertise in trademark infringement matters. 28 U.S.C. §1295.

## VII. CONCLUSION

Jim Beam Brand's Petition for a Writ of Certiorari to the United States Court of Appeals for the Second Circuit should be denied because there is neither a conflict with a decision of another Circuit nor with a decision of this Court.

Similarly, the Second Circuit did not depart from the accepted and usual course of judicial proceedings in overturning the grant of summary judgment.

The Petitioner, in its Petition, is merely trying to obtain another review of facts already found by the District Court and accepted by the Second Circuit.

Respectfully submitted,

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